

# Key priorities for our work program: 2021-2022

As part of our prioritisation framework we will set priority areas of reform. Addressing these priorities, and the issues and trends that they speak to, is critical to supporting the Energy Ministers' Strategic Energy Plan. It is also critical to delivering a reliable, secure, affordable and low emissions energy supply in an efficient and timely way and meets the expectations of energy customers and the community.

**The purpose of the prioritisation framework is to use our resources so we are doing the work that matters most. It has three aspects:**

**Identify our key focus areas** over the upcoming 12 months, to guide the rule changes and reviews to be progressed, and our forward-looking thought leadership insights for better consumer outcomes.

**Be transparent** about what these priorities are and what that means for what work will be delivered. The priorities act as a guide for rule change proponents but are not exclusive. Other rule changes falling outside of the priorities will still be progressed if they are urgent or critical to the functioning of any of the electricity, gas or retail markets. Of course we always prioritise other work asked of us directly by Energy Ministers.

**Identify new and strategic ways of working and delivering our priority work** including continuing to leverage expertise across market bodies, streamlining existing rule making processes, bundling and sequencing 'projects' where it makes sense to address issues collectively.



**We have consulted on draft priorities and listened to the feedback in developing the following priorities for 2021-2022 for our work program:**

**Recommendations made by Energy Ministers in relation to the Energy Security Board (ESB)'s Final advice on post 2025 market design (P2025).** The ESB delivered its Final advice on Post 2025 Market Design to Energy Ministers on 27 July 2021. The advice makes a number of recommendations for interrelated reforms and actions to deliver the necessary design changes in the NEM for 2025 and beyond. These recommendations are being considered by Energy Ministers and National Cabinet. Many of the reforms identified in the final advice are being, or have been identified to be, progressed through AEMC rule changes and reviews. Those underway will continue to be prioritised, as they have been to date. New rule changes or design processes will be prioritised by AEMC when the response to the final recommendations is known.

**Essential system services.** The Commission has been progressing a substantial work program that complements and is interdependent with the P2025 essential system services and scheduling and ahead mechanisms reform pathway. The rapid energy transition requires us to find new ways of procuring enough of the technical system security services that are 'missing' because they are no longer necessarily a by-product of newer forms of generation. Finding new ways to procure enough essential services to keep the power system stable and secure remains a critical priority for the sector.

**Enabling and integrating distributed energy resources.** The Commission has been progressing a substantial work program that complements and is interdependent with the P2025 DER Implementation Plan, currently subject to Ministerial consideration. Distributed energy resources are now the largest source of generation in the NEM and will play an increasingly important role in meeting Australia's energy needs into the future. Effectively integrating these distributed resources into the NEM and properly valuing the flexibility from customer demand in a market that has always been dominated by supply is essential to getting us to the NEM of the future.

**Transmission planning and investment framework.** New transmission investment is critical to the transitioning energy sector. We need to build transmission in areas where we have not required large amounts of transmission capacity previously, driven by new generation. We need up-to-date and fit-for-purpose frameworks that will deliver timely investment.

**Removing regulatory burden.** Opportunities to remove unnecessary regulatory burden from the rules will be taken by the AEMC whenever possible. Rule changes to remove regulatory burden on industry, streamline the rules (including improving the online functionality of all market rules) and make the sector simpler for consumers will be progressed wherever possible.

**Consumer vulnerability.** Ensuring that the benefits of reform are realised by consumers is at the core of what the Commission does. The Commission will continue to prioritise any rule changes that materially look to ensure benefits and protections are afforded to the most vulnerable consumers.

### **Prioritisation of AEMC review work**

In line with our approach last year, the Commission will not undertake a number of its regular reviews. At this stage the Commission proposes not to undertake its regular Electricity Network Economic Regulatory Framework review and Retail Energy Competition reviews again in 2021-2022. We will continue to undertake our Residential Electricity Price Trends work and will agree how it can be streamlined with jurisdictions.

We expect that the metering and transmission planning and investment framework, gas market reform and preparatory work for a hydrogen economy will also be key areas of focus of our review and advice work this year.