

Regulating Australia's Energy Sector

CEDA Energy Reform Series

2 March 2006

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1. NEM Institutions
2. NEM Rules
3. Greenhouse

MCE	Coordination of policy development	Identification of key regulatory issues.
AEMC	Rule making and administration	Consistent with NEM Objective. Improve market efficiency.
AER	Rule enforcement	Consistent and reasonable.
NEMMCO	System operator - supply security	Efficient operations with minimal intervention and directions.



Generation

**Level
Playing
field**

Demand Side

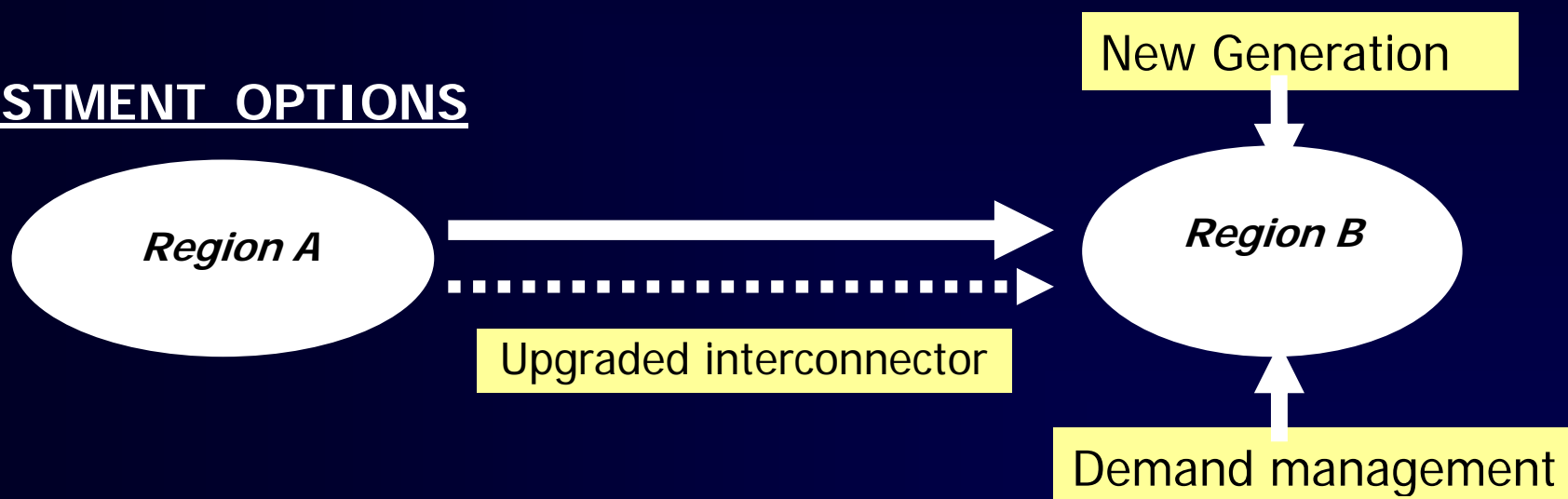
Interconnection

- Regions and interconnectors
- Technical standards and the new NEL penalty regime

INVESTMENT PRICE SIGNALS



INVESTMENT OPTIONS



Regulated transmission investment must not undermine market driven generation or demand side investment.

Technical Standards for Connection

- New rules regime including plant performance standards negotiated with NEMMCO.
- Should “strict liability” apply to generating plant performance.
- New penalty regime.

Greenhouse Policy Risks

- Kyoto not ratified but international context is unclear.
- MRET capped.
- Existing schemes - REC scheme (Cwth), NGAS (NSW), GECs (Qld), Hazelwood Greenhouse gas reduction deed (Vic), Greenpower.
- States co-operative scheme?

- Regulatory institutions provide a sound regulatory framework for the NEM.
- Regulated transmission must not undermine market driven investment.
- Technical standards present additional risk to generators.
- Greenhouse policy certainty required.