



Australian Government

DEPARTMENT OF RESOURCES, ENERGY AND TOURISM

Energy and Regulatory Overview of Australia

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Outline

- Australia's energy mix
- Investment in energy generation
- Energy market operation
- Energy market governance
- Energy market policy
- Ongoing energy market reforms
- Challenges for the future



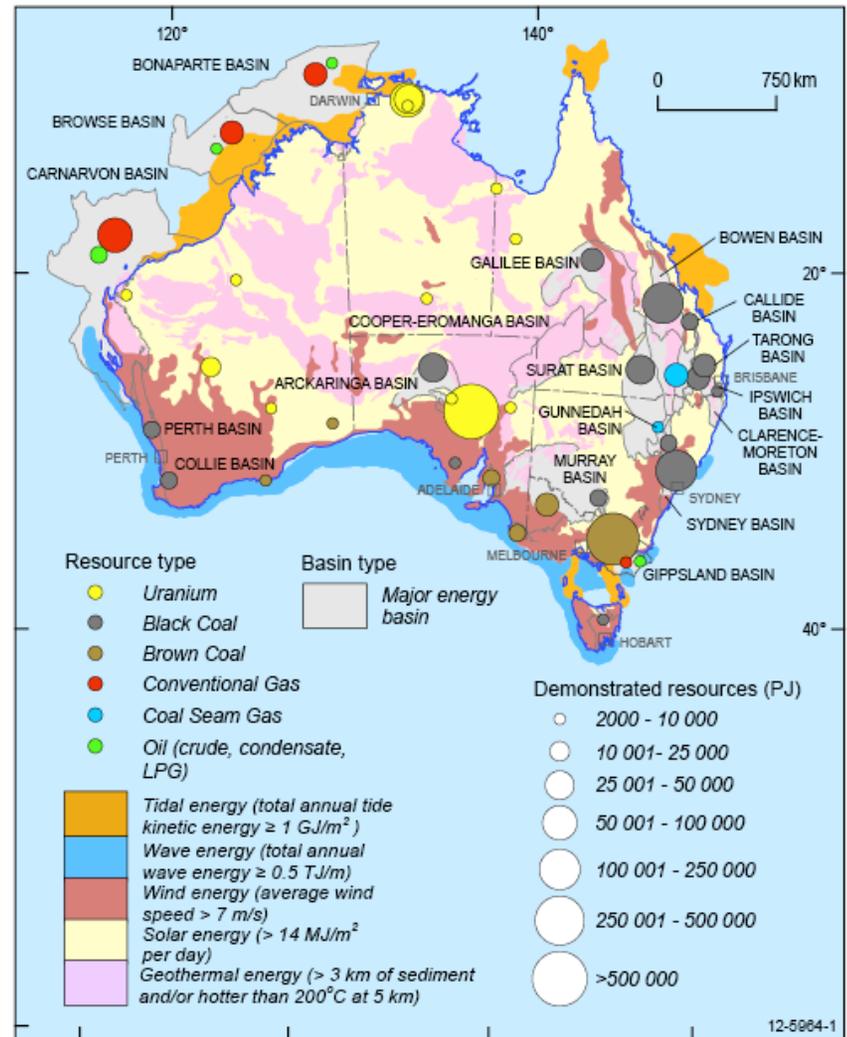
Australia's Energy Mix

Abundant, high quality and diverse energy resources, both renewable and non-renewable resources.

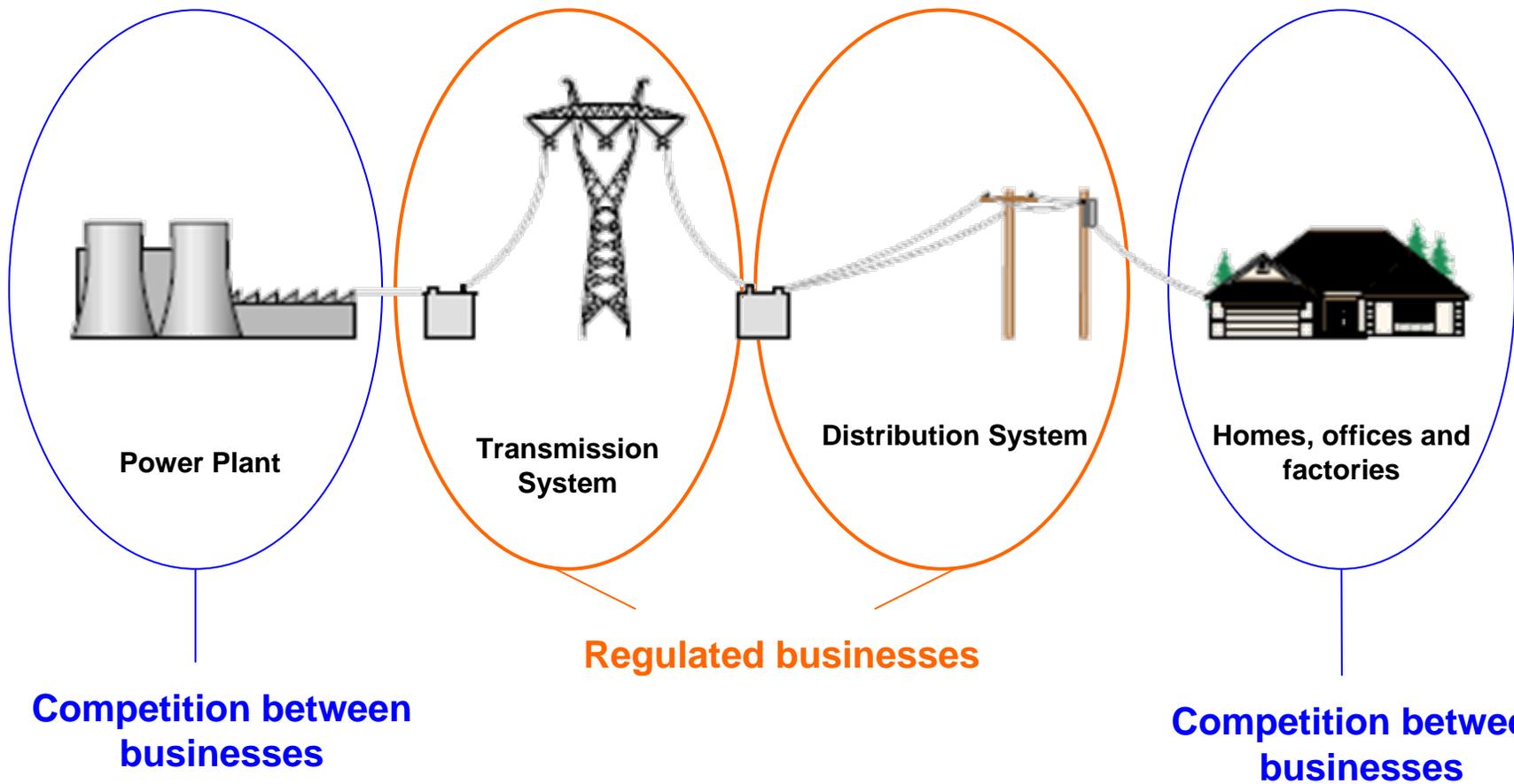
Three quarters of Australia's electricity is produced using coal.

Renewable energy sources (particularly hydroelectricity, wind and bioenergy) account for around 8 per cent of the electricity generation mix.

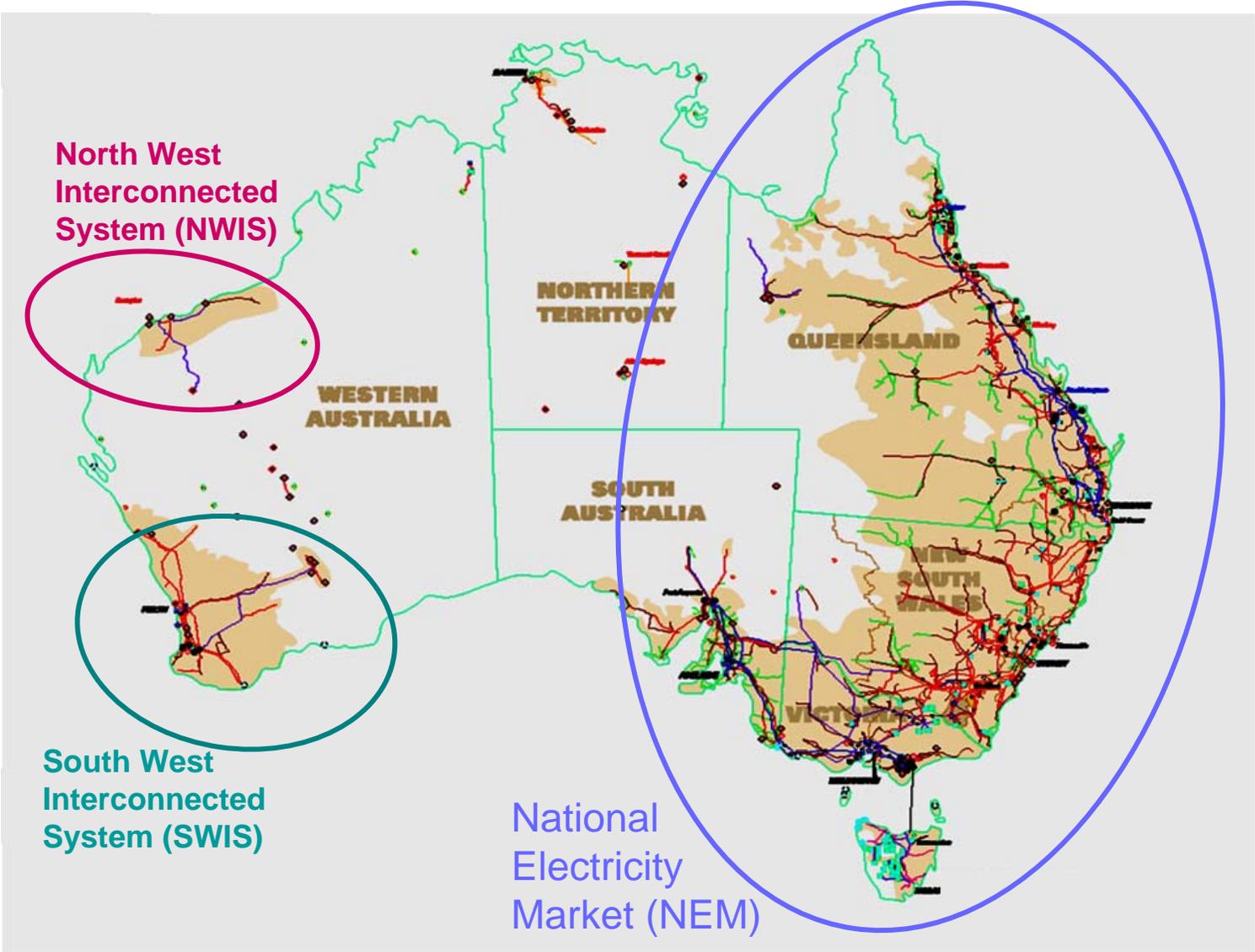
Map 1: Australia's energy resources



Energy Market Operation



Australian Electricity Market



Electricity Market Governance - NEM

Standing Council on Energy and Resources (SCER)
The national policy and governance body for Australia's energy markets

Australian Energy Market Commission
Responsible for Rule making and market development

**NEL
NER
NERL
NERR**

Australian Energy Regulator
Responsible for enforcing the Rules and for economic regulation of electricity networks and retail markets

Australian Energy Market Operator
Power system and market operator

Manages the 'pool' through a central dispatch process and the spot market

Wholesale market (pool)

Settlement for energy generated

Settlement for energy consumed

Generators

Transmission

Distribution

Retailers

End user

Financial Market

Energy Market Policy

- Draft Energy White Paper
- National Energy Security Assessment (NESA).
- Clean Energy Future Package
- Renewable Energy Target
- National Strategy on Energy Efficiency (NSEE)
- State-based policies



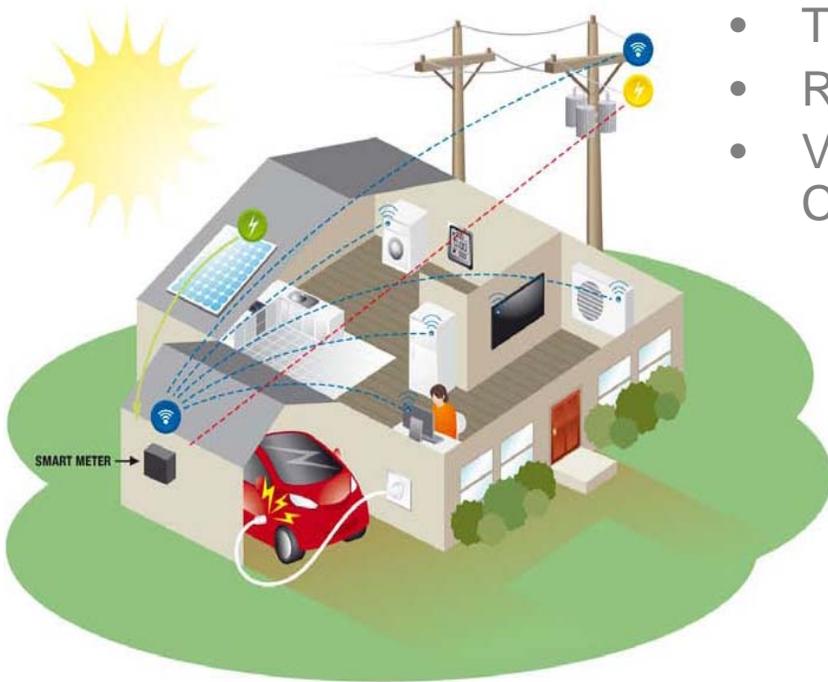
Challenges

- Energy market reform never finishes
- New context of climate change and market transformation
- Regulatory and market environment – nationally consistent, predictable and rewards economically efficient investment
- Networks – review of limited merits regime
- Demand side – increasing consumer participation in the market
- New technologies – smart grids and smart meters
- Review of consumer protections in a climate of increased prices



Ongoing Energy Market Reforms

- Independent Review of the Limited Merits Review Regime under the National Electricity and Gas Laws
- Implementation of the National Energy Customer Framework (NECF)
- Transmission and Distribution reviews
- Rollout of Smart Meters
- Various Australian Energy Market Commission reviews



Smart House



Smart Meter