



APP Energy Regulatory and Market Development Forum
Third Meeting of the Steering Committee
3 November 2010,
Sydney, Australia

Attendees

Chair

Prof Ian Woodward, Adjunct Professor at INSTEAD Global Business School

Australia

Mr Brendan Morling, Department of Resources, Energy and Tourism (Lead)
Ms Michelle Groves, Australian Energy Regulator

Canada

Mr Anoop Kapoor, Natural Resources Canada

China

Ms Yan Xiaolu, State Energy Regulatory Commission (Lead)
Mr He Yang, State Energy Regulatory Commission
Mr Wang Yunbo, State Energy Regulatory Commission

South Korea

Prof. Jay-oon Koo, Korea Electricity Regulatory Commission (Lead)
Mr Soonmok Kwon, Ministry of Knowledge Economy
Mr Sang-tae Kim, Korean Western Power Co. Ltd
Mr Won-seo Park, Korean Western Power Co. Ltd
Mr Kyeong Moon, Korea Power Exchange

USA

Mr Philip D. Moeller, Federal Energy Regulatory Commission

Energy Regulatory and Market Development Secretariat (Australia)

Mr Richard Miles, Department of Resources, Energy and Tourism
Mr Dan Mascarenhas, Department of Resources, Energy and Tourism
Mrs Vicki Pickrell, Department of Resources, Energy and Tourism
Ms Kate Teperman, Department of Resources, Energy and Tourism
Ms Caroline Lee, Department of Resources, Energy and Tourism

Apologies

New Zealand

Mr Mike Lear, Principle Advisor, Ministry of Economic Development



Record of Meeting

- The third Steering Committee Meeting of the Energy Regulatory and Market Development Forum (Forum) was held on 3 November 2010 at the Four Points by Sheraton hotel in Darling Harbour, Sydney, Australia.
- The meeting was attended by Australia, Canada, China, South Korea and the United States of America (US). Japan tendered apologies to due parliamentary issues. Similarly, India was unable to attend due to time restrictions and the holy festival of Diwali.
- Professor Ian Woodward, Chair of the Forum opened the meeting and welcomed delegates. He noted the key themes of this year's Forum were carbon pricing, regulation and market reform, and was eager to open discussions. Prof Woodward also formally welcomed the APP's guest country New Zealand (attended the Conference on 4-5 November 2010 only).
- The Chair advised members of the electronic release of the Reliability and Security Review (completed in late 2009) and the update of the Country Information Report – Volume 2. Hard copies of both reports were included in delegate conference packs.
- Delegates provided an opening country statement, which included a snapshot of the energy reforms, market structure, opportunities, and challenges currently faced.
- Delegates further discussed key challenges facing their economy, including:
 - **Australia** - concerns around climate change policy and pricing carbon. In addition, increasing renewable energy integration into the grid, replacement of old technology and increasing wind penetration;
 - **Canada** – concerns around potential investment challenges over the next 20 years, increasing wind penetration and electrification of the transport sector;
 - **China** – energy security, development of large renewable generation developments (such as wind and hydro) and connecting renewables to the grid;
 - **South Korea** – what type of renewable energy sources will work given the country's geographical and tectonic location. In addition, development of smart grids and methods to achieve Green House Gas (GHG) emissions reduction target of 30 per cent by 2020; and
 - **USA** – renewable integration (primarily wind technology), improving type of price signalling within smart grid systems, electrification of the transport sector via wind technology.



- The Chair closed out this discussion but acknowledged many similar challenges were still to be faced by all Partner countries and that these discussions should continue to be shared within the Forum.
- The Chair noted that earlier this year, the APP Policy Implementation Committee (PIC) had agreed to wind down the APP's functions and transfer successful elements to other existing international fora. He asked Partner Countries to respond to the question "is there value in the continuing the dialogue provided by this Forum, noting it is not a policy development body or a body that duplicates the efforts of other regulatory events". Partners provided the following responses:
 - **Australia** – recognises that APP will no longer exist but sees value in continuing the Forum as the issues around carbon pricing, renewable integration and generation mix will be continuing challenges for all countries involved;
 - **Canada** – also provides support to a continued Forum and notes that the economy will need to replace or create new infrastructure between now and 2030. Canada also sees the implementation of offshore renewables as a challenge in the near future and would be interested in continuing these discussions;
 - **China** – agrees that there is value in the Forum and notes that sharing information on regulatory issues and market development experiences is an important learning opportunity for the country. China welcomes the opportunity to continue its engagement;
 - **South Korea** – expressed keen interest, however only if common issues remained the focus of the meeting instead of building meeting agendas around broader issues that affect a small number of Partners. South Korea believes there is value in continuing the discussion around key themes such as connecting renewables to the grid, implementation of smart grid and other related issues such as connection, combustion systems; and
 - **USA** – recognises that further communication on common issues\interests could be shared. Further noted that there are other operational and developmental issues including market operation, competition and wholesale pricing issues that could be further discussed.
- The Chair wrapped up the discussion item by confirming that APP members have expressed a common interest in regulatory issues, investment challenges and climate change action.



Proposal

- The Chair proposed that that Forum under the APP banner would dissolve, however that a new Forum be created called the “Asia Pacific Energy Regulatory Forum. The terms of this new Forum would be as follows:
 - the Forum will be an information-sharing group focusing on experiences, issues and challenges faced within the Asia-Pacific region;
 - the efforts of the group would not duplicate the actions of other international regulatory forums (i.e. the International Energy Regulatory Network etc.);
 - engagement in the Forum will be voluntary and primarily through regulatory commissions (however government officials would be welcomed), therefore no formal governance arrangement would be implemented;
 - the provision of Forum Chair and Secretariat functions rotate around members every two years;
 - membership would be open to all existing APP member countries (i.e. Australia, Canada, China, India, Japan, South Korea, and USA) plus invited guests New Zealand and Singapore;
 - other countries would be invited on a case-by-case basis and invitations should have the support of all existing members;
 - a small two-year work plan would be agreed at the group’s first Steering Committee meeting. Partners would be given the opportunity to proposed key themes;
 - a initial Steering Committee meeting would be held to formalise the group’s two year work program. Subsequent Steering Committee meeting\s would be organised and held as and when required; and
 - a substantially sized Forum conference (i.e. approx 200-250 delegates) would be run every two years.
- All represented APP partners expressed in-principle support for this proposal.
- Australia volunteered to host the proposed new Forum’s first Steering Committee meeting in late 2011 and will develop the draft work program and Terms of Reference document.



- Potential common themes of the of newly created Forum would include:
 - Regulation and:
 1. Green Development Initiatives;
 2. Market Development – Challenges and Reforms; and
 3. Competition.
- A formal invitation letter outlining further details of this proposal, Terms of Reference and Work Program will be sent to APP Partners and guests Singapore and New Zealand in late 2010.
- The Steering Committee was followed by the second Meeting of the Forum Conference, held 4-5 November 2010. The Conference provided excellent opportunity for further in depth information exchange and discussion.
- Order of Conference presentations is at **Attachment A**.
- Presentations will also be available on the Forum website <http://www.ret.gov.au/Documents/app/default.html> shortly.

Actions

1. The ERMD Secretariat (Australia) to write to the APP Power Generation and Transmission Chair (USA) to express interest in creating a voluntary body using specific aspects of the existing Forum. The letter would be circulated to the APP Administrative Support Group.
2. Australia to develop (in consultation with the Forum Chair), formal invitation letters to APP Partners and invited guests outlining details of the proposed Asia Pacific Energy Regulatory Forum.
3. Each country to provide a formal response and position to the above letter by 28 February 2011. Responses should be sent to the ERMD Secretariat at ERMDSecretariat.gov.au.
4. Australia to redevelop the Forum's Terms of Reference documents and develop a draft work program.



Attachment A

Order of Presentations

Steering Committee Meeting – 3 November 2010

Opening Presentation

Commissioner Ian Woodward, Chair of the Energy Regulatory and Market Development Forum

Conference – 4 November 2010

Welcome and Introduction

Professor Ian Woodward, Chair of the Energy Regulatory and Market Development Forum

Opening Address

The Hon Minister Martin Ferguson MP, Australian Minister for Resources and Energy

Keynote Address by Australia "Evaluating Australia's Energy Reforms and Challenges for the Future"

Mr John Pierce, Chairman, Australian Energy Market Commission

Country Presentation "the Australian Experience"

Mr. Andrew Reeves, Chairman, Australian Energy Regulator

Country Presentation "the Chinese Experience"

Mdm Yan Xiaolu, Director-General, State Electricity Regulatory Commission

Country Presentation "the South Korean Experience"

Prof. Koo Ja-yoon, Chairman, Korea Electricity Commission

Country Presentation "the New Zealand Experience"

Mr Mike Lear, Principle Advisor, Ministry of Economic Development

Country Presentation "the American Experience"

Mr Phillip Moeller, Commissioner, Federal Energy Regulatory Commission



Conference – 5 November 2010

Keynote address by Australia “Role of the Australian System and Market Operator”

Mr. Terry Grimwade, Executive General Manager – Market Performance, Australian Energy Market Operator

Country Presentation "the Canadian Experience"

Mr Anoop Kapoor, Acting Director – Renewable Energy and Electricity Division, Natural Resources Canada

Group Discussion on Future of the ERMD Forum

Led by Prof. Ian Woodward, Chair, Energy Regulatory and Market Development Forum