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**From:** Sarah McNamara [s22](#)  
**Sent:** Thursday, 19 March 2020 12:30 PM  
**To:** Angus Taylor  
**Cc:** Fredericks, David; Wyndham, Tim; James O'Toole  
[s22](#)  
**Subject:** Letter to COAG Energy Ministers re COVID-19  
**Attachments:** 20200319 AEC Letter to Min Taylor re COVID-19.pdf

Dear Minister

Please find attached a letter from the AEC, the peak industry association for energy generators and retailers, for consideration prior to tomorrow's COAG meeting.

Kind regards  
Sarah

**Sarah McNamara**  
Chief Executive



Level 14, 50 Market Street  
Melbourne VIC 3000

[s22](#)

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Minister the Hon Angus Taylor MP  
Minister for Energy and Emissions Reduction

**By email:** [s22](#)

19 March 2020

Dear Minister

### **COVID-19 – Energy industry response and challenges ahead**

Australia is facing unprecedented challenges as a result of COVID-19, in terms of public health, continuity of services and the broader ongoing economic impacts that a crisis like this presents. The energy industry has been working since the start of the year on its preparedness and response to COVID-19, key to which is adherence to both Government and public health guidance. We take our obligations to the Australian community seriously and recognise that energy services are critical to the ongoing resilience of the economy.

As the peak representative association for Australia's generators and retailers of electricity, the Australian Energy Council (AEC) is keen to work with both Governments and regulators to ensure that our actions over the coming months are managed with the best interests of consumers in mind.

The scope of the disruptions that the energy industry will be grappling with is not yet settled. But we do expect that they will be primarily health-related and economic in nature, in addition to the significant disruptive effects which impact:

- the ability of people to attend their places of employment;
- the ability of people to work (either remotely or at their usual workplace); and
- the availability of healthy people to perform routine tasks.

The purpose of this letter is to outline the industry's commitments to safety, the ongoing supply of energy as an essential service, and support for customers, as they deal with the broader economic and social impacts of COVID-19. The AEC also outlines in this letter some actions that the Council of Australian Government's Energy Council (COAG EC) could take to free up resources in the sector to sharpen this focus.

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## **What is the energy industry doing?**

The energy industry has taken immediate action to protect the health and safety of its employees and contractors.

Generally, where possible, energy sector employees are working from home. Teams critical to the operation of generators and call centres are, where possible, working split shifts, which enables the protection of half of these critical workforces from infection at any given time.

Consistent with Government advice, energy companies have paused all corporate travel, except in cases of absolute necessity. Conferences and meetings have been either cancelled or are now held by teleconference or videoconference. Companies have also stepped up their on-site cleaning regimes and restricted visitors from entering sites, especially those from overseas.

The energy industry is pleased to work in close collaboration with the Australian Energy Market Operator (AEMO), the COAG EC and regulators to support business continuity and supply over the coming months. Whilst businesses are meeting these obligations now, there may be challenges in the coming weeks that are not presently anticipated, or that may emerge depending on the spread of the virus and its rapidly changing nature.

## **Industry capacity**

Work undertaken to date has stretched the industry's capabilities and detracted from work that would otherwise be completed in relation to reform processes either underway, or which require implementation within their businesses.

The industry is therefore concerned that a number of the reforms which are scheduled for implementation over the coming months will be dependent upon allocating the limited staff resources remaining, and this will in turn put pressure on companies' ability to provide their routine, reliable supply of energy and its related customer services.

There is additionally concern that work done to ensure the summer readiness of the generation fleet may be compromised over the coming months. Accordingly, our proposal includes regulatory delays through to 2021.

## **Suggested regulatory delays**

The AEC sets out below a number of measures for your consideration which, if paused or delayed, would greatly assist the industry's ongoing focus on health, safety, supply and customer wellbeing.

As you are aware, every retailer has a dedicated hardship program in place to support customers who are doing it tough. COVID-19 will certainly see hardship customer numbers increase dramatically, especially as winter bills start to arrive, and unemployment rises across many sectors of the economy.

Energy retailers are already preparing plans to look after the needs of customers, large and small, who are impacted by COVID-19, and will experience financial hardship due to circumstances beyond their control. This is consistent with their existing hardship programs for households. However, the unprecedented scale of this pandemic may create existential challenges for a number of our members, particularly smaller retailers where cash flow remains critical.

In order to adequately support customers at this time, the AEC anticipates there will be a need for substantial expansions to the support provided by governments and retailers to assist customers, as many in our community will struggle to pay their energy bills during this pandemic.

There are many ways retailers and the COAG EC could support customers, but what is critically important now is a ***nationally consistent whole-of-industry response***. We encourage the COAG EC to agree to establish an 'Energy Response Working Group' made up of government and industry representatives so that we may develop a single response package that is consistent, effective and easy to implement.

My members are simply not positioned to implement a raft of differing State and Federal requirements at a time of national crisis. Resources are already stretched, and most retailers and generators operate in multiple jurisdictions so consistency is key to enabling solutions to be delivered efficiently and at lowest cost to the benefit of Australian homes and businesses.

The AEC has also identified the following reforms which are in the process of implementation, and could be delayed with little impact to consumers, until the COVID-19 crisis abates. They include:

- (1) Mandatory Primary Frequency Response Rule Change<sup>1</sup>: This rule change is scheduled to be enacted on 4<sup>th</sup> June 2020, with technical implementation occurring over the following months. This will distract key operational staff directly involved in maintaining generation supply. Sites will be further impacted by policies of restricting contractors to sites and travel bans that will restrict the ability of overseas based support staff to be deployed. The AEC recommends that the final rule be delayed by three months, to September 2020.
- (2) Five Minute Settlement<sup>2</sup>: The AEC acknowledges that significant work has been undertaken to progress this rule change (and its Global Settlement equivalent), however AEMO and AEC members continue to employ major resources to prepare for and implement the rule change by its required date of July 2021. The AEC believes that while the COVID-19 threat remains, these resources should be focussed on operational matters, and hence there should be analysis of the opportunity to postpone rule implementation by six months.

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<sup>1</sup> <https://www.aemc.gov.au/rule-changes/mandatory-primary-frequency-response>

<sup>2</sup> <https://www.aemc.gov.au/rule-changes/five-minute-settlement>



- (3) Energy Sector Consumer Data Right (CDR)<sup>3</sup>: Whilst a start date for energy remains to be confirmed, significant preparatory work is required to enable the CDR to commence in the second half of 2021. Given the extent of, and complexity of the tasks to be completed, the AEC recommends that the effective date of the legislation be postponed until at least March 2022.
- (4) Prohibiting Energy Market Misconduct<sup>4</sup>: As it stands the ACCC intends to finalise the Guidelines in May 2020 with limited consultation, ahead of the legislated commencement date of 10 June 2020. The AEC recommends that implementation be delayed until January 2021 to enable the substantial compliance and system changes to be set to one side until later in 2020.
- (5) Customer Switching Times<sup>5</sup>: Whilst this project has undergone a lengthy consultation process, implementation work is yet to commence due to delays in reaching a final decision. Delivery to the scheduled date of December 2020 will be problematic in the current resource-constrained environment and a delay should be given consideration in order for resources in the meantime to be focussed on customer support.

The AEC encourages Ministers to consider delaying the implementation of the listed reforms, in order for industry to husband its limited resources for more critical, operational matters, which will be of more immediate benefit for consumers. Although this letter focuses on national reform processes, we also implore Ministers to consider the impact that their own State-based regulatory reforms may have on a resource-constrained sector during this difficult time – and to reconsider any new initiatives accordingly.

The energy industry trusts that tomorrow's meeting will be constructive and looks forward to working with you through this difficult period of national crisis. In particular, we suggest that if an Energy Response Working Group could be established under the auspices of the COAG EC, it may be a suitable forum in which to work through, in detail, the operational and regulatory challenges raised in this letter.

Yours sincerely

s22

**Sarah McNamara**  
**Chief Executive**

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<sup>3</sup> <https://treasury.gov.au/consumer-data-right/energy-sector-consumer-data-right>  
<sup>4</sup> <https://consultation.accc.gov.au/regulated-infrastructure/prohibiting-energy-market-misconduct-2020/>  
<sup>5</sup> <https://aemo.com.au/en/consultations/current-and-closed-consultations/nem-customer-switching>

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**From:** s22  
**Sent:** Tuesday, 24 March 2020 3:57 PM  
**To:** DLO Taylor; energystategicpolicy; nCOV response  
**Cc:** s22

**Subject:** EnergyCOVID19  
COVID energy sector - daily information 24 March [DLM=For-Official-Use-Only]  
**Attachments:** COVID energy sector - daily information 24 March.docx

**Security Classification:**  
For Official Use Only

Hi All

Please find today's update attached.

Thank you to all contributors.

s22

**A/g General Manager**  
Energy Security and Efficiency Division

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Pages 1-7 of Document 4 have been removed as irrelevant information under section 22 of the FOI Act

## 4. MANAGING LONG-TERM IMPACTS

### Industry concerns

- EnergyAustralia is reviewing the impact of COVID-19 on planned outages at major power stations (Yallourn and Mount Piper).
- *On 19 March the Australian Energy Council (AEC) wrote to Minister Taylor regarding its members' capacity to undertake scheduled reforms and summer readiness of the generation fleet.*
  - *The AEC is calling for a nationally consistent whole of industry response to support customers, through a COAG Energy Council 'Energy Response Working Group'.*
  - *The AEC proposes delays to reforms including the Mandatory Primary Frequency Response rule change; five minute settlement; energy sector Consumer Data Right; prohibiting energy market misconduct; and customer switching times.*
  - *The AEC had previously written to the Queensland Minister for Natural Resources, Mines and Energy, detailing its members' response to COVID-19 and its concern that work done to ensure summer readiness of the generation fleet may be compromised over the coming months.*
- The fuel industry is concerned about demand reduction and over-supply of stocks.

s22

Pages 9-12 of Document 4 have been removed as irrelevant information under section 22 of the FOI Act