

s22

From: s47F <s47F@esb.org.au>
Sent: Monday, 23 August 2021 9:15 AM
To: s22
Cc: s22
Subject: ESB final advice - embargoed materials release timing
Importance: High

Morning s22

Re: Public release of ESB final advice on post 2025 electricity market design

s22 asked me to drop you a line.

I'll be sending you two media releases in a few hours time.

- 1) Overview
- 2) FTI modelling on network congestion.

Release timing:

Materials embargoed until 12.01am AEST Wednesday 25 August 2021.

So aiming for stories in Wednesday papers.

Today Monday 23 August – around lunchtime

- **Media pack circulated to all MO energy advisers**
- **Media drop one** list of energy reporters - AFR Angela Macdonald-Smith, Jenni Hewitt; ABC RN breakfast Radio Fran Kelly, Julia Holman; The Guardian Katharine Murphy + Daniel Hurst; Australian Perry Williams, Ticky Fullerton, John Durie; News Ltd metros Christopher Russell; AAP Paul Osborne; SMH/Age Mike Foley; Renew Economy Giles Parkinson, Michael Mazengarb; Courier Mail Matt Killoran.

Tuesday 24 August - am

- **Media drop** two general distribution

Wednesday 25 August 12.01 am

- Website upload all materials

s47F
Energy Security Board
Communication Director
s47F
s47F [@esb.org.au](mailto:s47F@esb.org.au)

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s22

From: s47F @esb.org.au>
Sent: Monday, 23 August 2021 12:28 PM
To: s22
Cc: s22
Subject: ESB final advice release - media releases
Attachments: MEDIA RELEASE ONE - final advice public release 23 Aug noon.docx; MEDIA RELEASE TWO - FTI modelling 23 August noon.docx

s22,

Media releases attached as discussed.

FTI modelling is a BAU job – flagged to stakeholders during consultation.

s47F

Energy Security Board
Communication Director

s47F

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<http://www.stepfwdit.com.au>

MEDIA RELEASE embargoed to tbc August 2021
Post 2025 final report public release

Electricity market redesign advice released

The Energy Security Board (ESB) welcomes the release of its recommendations for the redesign of the national electricity market (NEM). These were submitted to energy ministers on the Energy National Cabinet Reform Committee (ENCRC) at the end of July.

ESB Independent Chair, Dr Kerry Schott AO, said the release of the detailed recommendations enables informed public debate about the package of interrelated reforms and will be of interest to industry and consumers and help inform future decisions by energy ministers and National Cabinet.

“The release of our complete advice should end the guesswork about certain aspects of the proposed reforms which has certainly not enabled an informed debate.” Dr Schott said.

“This is not one big bang reform for the redesign of the electricity market. It is a set of interrelated measures to be implemented and considered over time. The reforms aim to deliver reliable, affordable, lower emissions electricity for consumers and to keep the lights on as the system decarbonises.”

Making way for new large-scale generation

The ESB is recommending four key pathways for reform to manage both the orderly exit of old technologies (especially ageing coal fuelled generation) and pave the way for new technologies.

“The job is to get firm and flexible supply that is affordable.” Dr Schott said.

“To achieve that we need improved information, harmonised jurisdictional schemes, orderly generator exit and timely entry of investment in new resources.

“We also need a capacity mechanism alongside the energy only market to bring forward the right mix of firm, flexible and variable resources when needed. That capacity might come from pumped hydro, batteries, wind, gas or coal, with those most able to be fast and flexible most likely to be relied upon and most likely to receive revenue.

“Participants need sufficient incentives and confidence to invest in new capacity. While that confidence is present for wind and solar generation, along with some battery storage, it is not evident for pumped hydro or gas peakers that can provide ‘deep’ storage on the probably few occasions when it is needed.

“Jurisdictions need assurance that participants will meet the power system’s physical needs at all times and if that assurance is not there, governments will intervene (as they have done) to provide missing gas peakers and pumped hydro as thermal coal exits.”

Recommendations include:

- Providing governments with tools to organise extra supply when they decide more ‘insurance’ is needed through a new opt-in strategic reserve or by triggering the current retailer reliability obligation (RRO), alongside principles to better align investment nationally.
- Incentivising the market to bring forward the right mix of firm, flexible and variable resources, including storage, through a new medium-term capacity mechanism.
- Increasing transparency to the market by requiring generators to provide more information about early exit and power supply status.
- Enhancing data capacity to enable tracking and forecasts of consumer choices, demand response, value of reliability, and better understanding of the wholesale market and changing contracting behaviours.

MEDIA RELEASE embargoed to tbc August 2021
Post 2025 final report public release

Connecting renewables to the grid

The ESB recommendations are also about getting new renewable generation to consumers.

“We need to build new transmission projects and we are already well progressed down this path through the actionable Integrated System Plan (ISP). New generation investment is 27% ahead of the ISP step-change scenario and the delivery of new transmission must meet the target dates” Dr Schott said.

“Nevertheless, even if it were physically possible to build enough transmission to connect all new generation projects located in increasingly remote locations, the costs to consumers would be unjustifiably high.

“A new efficient grid network will have some congestion. But the level of congestion needs to be managed. The benefits of new renewable generation diminish as the energy generated from new solar or wind farms either goes to waste or displaces existing renewable energy. These changes will help ensure that the generation that is being built can be operated successfully rather than building new projects that can’t connect to the grid and/or force those already there to be constrained. The reforms favour long-term operators over short-term speculators.”

The ESB recommendations complement planned transmission projects in AEMO’s ISP and the development of Renewable Energy Zones (REZs) with a congestion management mechanism to encourage more generation into renewable energy zones (and the limited other places) where transmission costs can be shared and firm access secured.

- Supporting the development of renewable energy zones through a consistent NEM-wide framework including principles to manage, planning, connections, access, funding, and economic regulation.
- Encouraging generators and others to locate in renewable energy zones (and the limited other ideal locations) via a dual mechanism of congestion charges and rebates.
- Identifying ways to maximise the timely and efficient delivery of major poles and wires (including ISP) projects.
- Enabling effective locational forecasting to help plan and prioritise transmission augmentation.

New modelling done for the ESB has been released recently to demonstrate the extent of future congestion challenges – [link to separate FTI media release.](#)

People’s generation – rooftop solar and other distributed energy resources

Properly harnessing latent demand side flexibility and solar PV will make the grid more productive, cutting both costs and emissions.

“The benefits of harnessing the power of rooftop solar, batteries and new technologies is clear,” Dr Schott said.

“These reforms will make it easier and more seamless for consumers to benefit more from these resources and manage their demand in return for financial rewards.”

- Resolving identified technical and market issues which slow down and make it harder for customers and the grid to get the full value of distributed energy resources. A detailed 3-year implementation plan has been mapped out with industry and consumers.

MEDIA RELEASE embargoed to tbc August 2021

Post 2025 final report public release

- Opening up new ways for customers with solar, batteries or smart appliances to be rewarded for responding to system needs, backed up by emergency tools to help keep the grid stable.
- Putting fit for purpose consumer protections in place that are based on a new risk assessment tool to assess potential harm to customers associated with new products and services.

Strengthening the power system

Lack of essential system services has cost consumers a lot of money in recent years as a result of expensive interventions that have had to be made by the operator to keep the system stable. New technical backups (frequency, inertia, system strength, operating reserves) are needed urgently with the increasing wind and solar (asynchronous) generation and falling levels of coal-fired (synchronous) generation.

Dr Schott said new technologies like large-scale batteries and flexible demand will help make the system stronger.

“We must restore confidence in the system, avoid high running costs for consumers, and value the capabilities of batteries and other innovations,” she said.

- Supporting availability and investment in the four essential system services - frequency, operating reserve, inertia, and system strength - through actions already underway.
- Providing new tools to help AEMO manage the complexity of scheduling these essential system services as the resource mix on the grid changes.
- Further monitoring of market conditions to identify the need for longer term reforms like the further bundling of system services and an integrated ahead market or development of an inertia spot market.
- Providing critical data for monitoring and forecasting of required services weather-driven generation and demand.

The ESB will continue to work with the Australian Energy Market Commission (AEMC), Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER) to progress reforms to the National Electricity Rules while the broader advice is considered by governments.

Energy Security Board media enquiries:

s47F

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About the Energy Security Board

The Energy Security Board reports to the Energy National Cabinet Reform Committee (ENCRC). The ENCRC and the energy ministers’ meeting are ministerial forums for the Commonwealth, States and Territories to work together in pursuit of national energy reforms. The ENCRC and energy ministers’ meeting were established following cessation of the Council of Australian Governments (COAG) in May 2020.

The Energy Security Board has five members:

| | |
|--------------------|--|
| Dr Kerry Schott AO | Independent Chair |
| David Swift | Independent Deputy Chair |
| Clare Savage | Chair of the Australian Energy Regulator |

MEDIA RELEASE embargoed to tbc August 2021
Post 2025 final report public release

| | |
|------------------|--|
| Anna Collyer | Chair of the Australian Energy Market Commission |
| Daniel Westerman | CEO and Managing Director of the Australian Energy Market Operator |

Ends

MEDIA RELEASE

Post 2025 FTI congestion modelling

New modelling shows severe network congestion by 2030

The Energy Security Board (ESB) has released modelling that shows severe network congestion even with expanded construction on the grid. New large scale renewable generation must have a way of managing its congestion risk or face being constrained and unable to dispatch.

The modelling, by FTI Consulting also identifies increased wholesale prices driven by the dispatch of higher cost generation when lower cost renewables are constrained from the grid.

These higher wholesale costs would be on top of higher network costs associated with additional transmission network investment to accommodate new renewable generation, including an estimated 200% increase in wind and solar by 2030 and a total fleet of large scale generation and storage of over 72,000 MW.

The power system balances supply and demand continuously – starting with the cheapest generation first and moving up the dispatch order until consumers have the level of power they need. Congestion arises when network limitations constrain the flow of electricity from places where lowest cost generators are located to where electricity is demanded (generators are then constrained off to protect the technical stability of the grid). If cheaper generation has to be constrained off – then more expensive options need to be dispatched.

ESB Independent Chair, Dr Kerry Schott AO, said this modelling has been an important input in the development of a congestion management mechanism for further consideration by energy ministers in the months ahead.

A public forum will be held on 2 September to have FTI present their work and to discuss the modelling and outcomes.

“The FTI modelling shows just how serious the impact of congestion will be within the next 10 years,” Dr Schott said.

“The cost implications for consumers of both higher wholesale prices and higher network costs are clear, along with the chilling effect congestion risks will have on renewables investment.

“In the immediate term congestion can be largely managed through state-led renewable energy zones (REZs), but reforms are needed to realise the promise that energy intensive industries can get a wholesale market cost advantage from locating near plentiful supply, as well as to address congestion across the NEM as a whole.”

FTI forecast wind and solar capacity across the national electricity market (NEM) to increase by at least 200% to 31GW by 2030, consistent with AEMO’s ISP Step Change forecast.

Using the assumptions from AEMO’s ISP and network limits from AEMO’s Electricity Statement of Opportunities (ESOO), FTI predicts that with both the generation and transmission connected as planned in the national electricity market, around 2.5 TWh of solar and 1 TWh of hydro generation would be constrained off the grid in 2030, with additional thermal generation dispatched in its place. This represents around half of the current grid-scale solar in the market – or 20% of the potential increase – being constrained within 10 years.

Dr Schott said the actual situation could be much worse with the current level of new generation investment already running 27% ahead of the ISP step-change scenario.

“That extra generation doesn’t have the transmission to go with it, so it will be wasted with nowhere for it to go. We need to reform the way generators access the grid before this get worse,” she said.

“More renewable generation can’t help lower emissions if it is constraining off another solar farm down the road. All it does is make the clean energy transition more expensive than it needs to be.”

MEDIA RELEASE**Post 2025 FTI congestion modelling**

FTI found that constraints generally lead to higher prices in each state across the year. The average increase in price is \$5/MWh, ranging from \$3/MWh in November to \$9/MWh in January. They estimate that the higher prices, along with spikes during periods of system stress, which are worsened by constraints, result in consumers paying at least an additional \$1.05 billion over the year.

Additionally, investors of generation located behind frequently-constrained transmission lines could, because of curtailment, be prevented from earning a significant proportion of revenues.

The biggest impact is likely to be on solar generators, with over 20% of the potential increase in solar generation curtailed when constraints are introduced. Constraints on generation from additional wind capacity is typically less correlated with significant constraint periods, and while batteries can help the system during periods of high demand and prices, they are less beneficial to the system during periods of high renewable generation.

The modelling has been released ahead of the public forum to facilitate detailed examination of the findings as part of the ESB's preparation of a rule change for submission to the AEMC to progress the congestion management model, subject to ENCRC deliberations.

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Energy Security Board media enquiries:

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s22

From: Angus Taylor
Sent: Monday, 25 October 2021 10:32 PM
To: DLO Taylor
Subject: FW: Letter to The Hon Minister Taylor Finkel Recommendations [SEC=OFFICIAL]
Attachments: 20210809 Letter to The Hon Minister Taylor re Finkel Recommendations.pdf

OFFICIAL

From: s47F [mailto:s47F@esb.org.au] **On Behalf Of** Kerry Schott
Sent: Monday, 9 August 2021 2:16 PM
To: Angus Taylor
Cc: matthew.kean@minister.nsw.gov.au; lily.d'ambrosio@parliament.vic.gov.au; hpwdts@ministerial.qld.gov.au; Barnett MP, Guy ; Shane.Rattenbury@act.gov.au; Dem.MinisterVHP@sa.gov.au; Alan Finkel ; Kerry Schott ; David Swift
Subject: Letter to The Hon Minister Taylor re: Finkel Recommendations

Dear Minister Taylor,

Please find letter attached from the Energy Security Board re Finkel Recommendations.

Warm regards

s47F

On behalf of Kerry Schott AO
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000

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<http://www.stepfwdit.com.au>



The Hon Angus Taylor MP
Chair
Energy National Cabinet Reform Committee

9 August 2021

Dear Minister,

I am writing to finalise the Energy Security Board's (ESB) consideration of the recommendations from the *Independent Review into the Future Security of the National Electricity Market – Blueprint for the Future* (the Finkel Review).

The Board's terms of reference stated that the purpose of the Board was to implement the Finkel 'Blueprint' as well as provide whole of system oversight to the Energy Council on energy security, reliability and affordability in the NEM. In August 2020 Energy Ministers also agreed, in response to the Independent Review of the Board (the 'Edwards' review), that the role of the ESB should be refined to focus on delivery of Post-2025 Market Design advice and the ESB work program as outlined in the outcomes from the 20 March 2020 Energy Council meeting. These March 2020 outcomes included the interim reliability and security measures; for example, the out of market reserve and changes trigger arrangements for the Retailer Reliability Obligation (RRO), both of which have now been implemented.

With the delivery of its final Post-2025 Market Design report on 27 July 2021, the ESB has now either completed implementation of the Finkel recommendations or incorporated them into the Post-2025 Market Design implementation process. Some remaining Finkel recommendations are the responsibility of other organisations.

The status of each of the Finkel recommendations is set out in the attached table.

The ESB will now focus on preparation of its workplan for implementing the Post-2025 market design recommendations in anticipation of Energy Ministers' consideration of them, to ensure momentum is maintained once final decisions are made.

I wish to highlight that significant development and consultation has been undertaken on the data strategy (Finkel recommendation 7.14). The ESB proposes that the data strategy, as an integral part of the Post-2025 reforms, now proceed as part of the implementation of those reforms. Costs for the data strategy will be included in the ESB's request for resources to implement the Post 2025 reforms in due course.

I am happy to discuss any aspects of this letter at your convenience

Yours sincerely

s47F

Kerry Schott AO
Chair
Energy Security Board

Cc

The Hon Matt Kean MP, Minister for Energy and Environment
The Hon Lily D'Ambrosio MLA, Minister for Energy, Environment and Climate Change
The Hon Michael de Brenni MP, Minister for Energy, Renewables and Hydrogen



The Hon Dan van Holst Pellekaan MP, Minister for Energy and Mining
The Hon Guy Barnett MP, Minister for Energy
Mr Shane Rattenbury MLA, Minister for Water, Energy and Emissions Reduction
Dr Alan Finkel AO

Attachment: Finkel recommendations - update

[illegible]

| | Recommendation | Responsible body | Status | Comment |
|------|--|----------------------------|--|---|
| 2.4 | AEMO should make sure black system restart plans clearly identify roles at each stage and includes regular testing of equipment and processes. | AEMO | Underway | Work has been completed with respect to large scale suppliers of system restart services but more work is required on the role of DER. |
| 2.5 | AEMC to review regulatory framework for how DER can help system security. AEMC should propose draft rule changes that incentivise DER participation in frequency and voltage control. | ESB / AEMC / AEMO | Complete | New standards in place The Post-2025 Market Design project proposes a DER Implementation Plan be adopted to guide the role of DER |
| 2.6 | The COAG Energy Council should develop a data collection framework for all forms of distributed energy resources at a suitable level of aggregation. | COAG Energy Council / AEMO | Complete | The DER Register is complete and working. Compliance by installers to register may need tightening. Data strategy recommendations to Ministers. |
| 2.7 | The Australian Government should regularly assess the NEM's resilience to human and environmental threats. | Australian Government | On Hold | National Energy Security Assessment was put on hold for a period but is now planned for 2021. The Department is planning a high-level risk assessment process in 2021 that covers all fuel types. |
| 2.8 | AEMC should review and update the regulatory framework to facilitate proof-of-concept testing of innovative approaches and technologies. | AEMC | Complete | Rule changes are in place to implement a "sand-pit" for trials |
| 2.9 | A long-term funding source for trials by the AEMO and ARENA should be assured. | COAG Energy Council | Underway | This has been subsumed within the broader Post-2025 Market Design project |
| 2.10 | An annual report into the cyber security preparedness of the NEM should be developed by the ESB. | ESB / AEMO | Closed Moved to Energy SOM Workstream | Critical that this work on cyber is progressed. Cyber security a priority for the Energy Ministers' Meeting (EMM). Commonwealth working with the states and territories to establish a Cyber Security Working Group to lead the delivery of this priority. Commonwealth to work with the Working Group and AEMO to develop a cyber security work plan for consideration by Energy Ministers before the end of 2021. |
| 2.11 | COAG Energy Council should develop a strategy to improve the integrity of energy infrastructure and the accuracy of supply and demand forecasting (extreme weather). | ESB / AEMO | Complete | AEMO is a party to the National Energy Analytics Research (NEAR) Programme and has established partnerships with the BoM and CSIRO |

| | Recommendation | Responsible body | Status | Comment |
|------|--|----------------------------|-----------|--|
| 2.12 | COAG Energy Council should facilitate the development of a national assessment of the future workforce requirements for the electricity sector. | COAG Energy Council | Complete | Complete but the implementation to address workforce requirements on the ground needs attention, for example in transmission construction and systems engineering more generally. |
| 3 | A reliable and low emissions future – the need for an orderly transition | | | |
| 3.1 | The Australian Government should develop a whole-of-economy emissions reduction strategy for 2050. | Australian Government | Commenced | Net zero by 2050 or earlier is preferred. Australian Government will take a long-term emissions reduction strategy to the 26 th UNFCCC climate summit in Glasgow in 2021. |
| 3.2 | <ul style="list-style-type: none"> Australian and State and Territory governments agree to an emissions reduction trajectory for the NEM. A Clean Energy Target should be adopted. New requirement for all large generators to provide at least three years' notice prior to closure. AEMO should publish a register of long-term expected closure dates for large generators. | COAG Energy Council | On Hold | Enhancements to notice of closure requirements in the post-2025 policy |
| | | COAG Energy Council | On Hold | |
| | | AEMC / AEMO | Complete | |
| | | AEMO | Complete | |
| 3.3 | AEMC and AEMO should develop and implement a Generator Reliability Obligation (include a forward-looking regional reliability assessment, taking into account emerging system needs, to inform requirements on new generators to ensure adequate dispatchable capacity in each region.) | ESB | Complete | Following further work and consultation, the Retailer Reliability Obligation was established. This places obligations on retailers to contract and imperatives on generators who hold contracts Further addressed in the post 2025 work |
| 3.4 | AEMC and AEMO should assess: <ul style="list-style-type: none"> the suitability of a 'day-ahead' market | AEMO / AEMC AEMO / AEMC | Complete | Assessed as part of post 2025 |

| | Recommendation | Responsible body | Status | Comment |
|-------|---|---------------------|----------|---|
| | <ul style="list-style-type: none"> whether SA licensing arrangements should be applied elsewhere the need for a Strategic Reserve as an enhancement or replacement to RERT | ESB / AEMO / AEMC | | Day ahead issue initially dealt with through UCS and SSM Recommendations on JSR |
| 4 | More efficient gas markets | | | |
| 4.1 | AEMO should require generators to provide information on their fuel resource adequacy and fuel supply contracts, to enable it to better assess fuel availability. | AEMO | Complete | |
| 4.2 | AEMO should be given a last resort power to procure or enter into commercial arrangements to have gas-fired generators available to maintain reliability of electricity supply in emergency situations. | AEMO | Complete | |
| 4.3 | Governments should adopt evidence-based regulatory regimes to manage the risk of individual gas projects on a case-by-case basis (including landholders receiving fair compensation). | COAG Energy Council | Underway | Addressed in some jurisdictions. |
| 4.4 | COAG Energy Council should bring together relevant data on gas in an accessible format. | COAG Energy Council | Complete | |
| 5 | Improved system planning | | | |
| 5.1 | AEMO, supported by TNSPs and relevant stakeholders, should develop an integrated system plan to facilitate the efficient development and connection of renewable energy zones across the NEM. | AEMO | Complete | The first Integrated System Plan was published in 2018 and was fully updated in 2020. ESB pursued the “actionable ISP” Rule changes to improve implementation of the recommended transmission development |
| 5.2.1 | AEMO, in consultation with TNSPs and consistent with the integrated system plan, should develop a list of potential priority projects in each region that governments could support if the market is unable to deliver the investment required to enable the development of renewable energy zones. | AEMO | Complete | ESB has been working with jurisdictions in the development of REZ schemes |
| 5.2.2 | The AEMC should develop a rigorous framework to evaluate the priority projects, including guidance for governments on the combination of circumstances that would warrant a | AEMC / ESB | On track | Stage 1 REZ rule changes approved by Ministers and implemented in May 2021. Stage 2 REZ principles were considered by |

| | Recommendation | Responsible body | Status | Comment |
|-----|--|---------------------|-----------|--|
| | government intervention to facilitate specific transmission investments. | | | <p>ENCRC in mid-June 2021. Congestion Management Model to be considered as part of the Post-2025 Market design project.</p> <p>The ESB's Actioning the ISP has been followed along with some regulatory changes to transmission approval processes. AEMC is conducting a Transmission Planning and Investment Review to determine whether changes are required to the regulatory framework in order to maximise benefits to consumers through time and efficient delivery of major transmission projects (including ISP projects):</p> <ul style="list-style-type: none"> • AEMO published its Inputs Assumptions and Scenarios (IASR) report on 30 July 2021. Draft 2022 ISP scheduled for December 2021. 2022 ISP to be published in mid-2022 |
| 5.3 | The COAG Energy Council, in consultation with the ESB, should review ways in which the AEMO's role in national planning can be enhanced. | ESB / AEMO | Complete | ISP process is now embedded in Rules and AEMO have implemented improved consultative processes in its development. |
| 5.4 | The COAG Energy Council should finalise and implement reforms to Limited Merits Review. | COAG Energy Council | Complete | |
| 5.5 | The COAG Energy Council should commission a further review of RIT-T and include RIT-D | COAG Energy Council | Commenced | This is one part of the considerations in the AEMC Transmission Review commencing soon |

| | Recommendation | Responsible body | Status | Comment |
|-----|---|------------------------|----------|---|
| 6 | Rewarding consumers | | | |
| 6.1 | <p>ACCC should:</p> <ul style="list-style-type: none"> make recommendations on improving the transparency and clarity of electricity retail prices to make it easier for customers to: Understand and compare prices; Be aware when the terms of their offer change or their discounts expire; Make more informed decisions about investing in rooftop solar photovoltaic, batteries or energy efficiency measures. also consider whether the AER requires further powers to collect and report on retail price data. | <p>ACCC</p> <p>AER</p> | Complete | <p>Agreed that AER further powers would be useful but they can cut across some State responsibilities. Such powers not yet granted.</p> <p>The Commonwealth is leading a collaborative process involving jurisdictions, the AER and the AEMC to implement recommendations from the ACCC's Retail Electricity pricing Inquiry (REPI) regarding the AER's powers in relation to wholesale market monitoring. Discussions to date have focussed on improving the AER's powers to remove restrictions on information gathering, which hindered effective monitoring of wholesale electricity contract markets.</p> <p>The national Consumer Data Right legislation and related processes will be built on through the Data strategy to greatly improve information to customers</p> |
| 6.2 | The ESB's annual Health of the NEM report should include information on the impact of changes in the market on price and availability of long-term retail contracts for commercial and industrial customers. | ESB | Complete | The Health of the NEM provided a detailed assessment of wholesale market movements and liquidity; it also detailed factors that were seen to be influencing the wholesale market over the year. This provided some insight into the price and availability of contracts for C&I customers to the extent that C&I pricing is generally priced relative to the wholesale market, as it is an alternative avenue to market for many generators looking to hedge their output. |

| | Recommendation | Responsible body | Status | Comment |
|------|---|---------------------|----------|---|
| 6.3 | The COAG Energy Council should improve consumers' access to, and rights to share, their energy data. | COAG Energy Council | Underway | Generally complete. Long term contract details not transparent or generally available. See 6.1 |
| 6.4 | The ESB's annual Health of the NEM report should report on affordability issues and proactively identify emerging issues. | ESB | Complete | |
| 6.5 | The COAG Energy Council should accelerate its work on applying consumer protections under the NERL and NERR to new energy services, and also consider safety issues as part of that work. | COAG Energy Council | Underway | Important part of post2025 DER road map Post 2025 proposes principles and arrangements under which consumer protections would evolve |
| 6.6 | The COAG Energy Council should engage with relevant portfolio areas including housing, and with state, territory and local governments, to identify : <ul style="list-style-type: none"> ways to improve access to DER and energy efficiency for low-income households. options for subsidised funding mechanisms for the supply of energy efficient appliances, rooftop PV and battery storage systems for low income customers. | COAG Energy Council | Underway | With the increasing penetration of DER this is more important to progress. Cuts across responsibilities in other areas beyond energy. |
| 6.7 | AEMC should review and recommend a mechanism that facilitates demand response in the wholesale energy market (review followed by a draft rule change proposal). | AEMC | Complete | Rule changes in place for large customers. DER program has aspects focussed on demand flexibility. |
| 6.8 | The COAG Energy Council or AEMC should commission financial modelling to test if there is a preference for capital investments in network assets over operational expenditure on demand-side measures. If modelling demonstrates bias, COAG Energy Council should direct AEMC to look at alternative models such as a total expenditure approach. | AEMC | Complete | AEMC has published its review. |
| 6.9 | AEMC should review the regulation of individual power systems and microgrids including drafting a proposed rule change. | AEMC | Complete | |
| 6.10 | Governments should accelerate the roll out of broader energy efficiency measures to complement the reforms recommended in this Review. | COAG Energy Council | Underway | Demand response measures in post 2025 may assist. |
| 7 | Stronger governance | | | |

| | Recommendation | Responsible body | Status | Comment |
|-----|--|---------------------------|----------|--|
| 7.1 | The COAG Energy Council should develop and maintain a strategic energy plan. | COAG Energy Council | Complete | |
| 7.2 | <p>The COAG Energy Council should establish an ESB to have responsibility for the implementation of the blueprint and for providing whole-of-system oversight for energy security and reliability.</p> <ul style="list-style-type: none"> • ESB should comprise an independent Chair, supported by an independent Deputy Chair, three market bodies (Chair, Chair, CEO). • ESB administrative support should be provided by AEMO. • ESB should be provided with the necessary funding to operate. | COAG Energy Council | Complete | |
| 7.3 | COAG leaders should agree to a new Australian Energy Market Agreement that recommits all parties to taking a nationally consistent approach to energy policy that recognises Australia's commitment in Paris to reduce emissions and governments' commitment to align efforts to meet this target with energy market frameworks. AEMA should require states to notify the COAG Energy Council if they propose to take a unilateral action. AEMA should require, within 28 days, the ESB to provide advice on the impacts of the proposed action. | COAG Energy Council | On Hold | |
| 7.4 | The COAG Energy Council should commence annual public reporting to COAG leaders on its priorities for the next 12 months and progress against the strategic energy plan. | COAG Energy Council | N/A | Replaced by National Cabinet approach and related restructure of governance. |
| 7.5 | The COAG Energy Council and the ESB should issue new Statements of Expectations to AER/AEMC, and a Statement of Role to AEMO containing a comprehensive set of outcomes-based performance indicators. | COAG Energy Council / ESB | Underway | Drafts completed. |
| 7.6 | <p>The ESB should provide an inaugural, annual Health of the NEM Report to the COAG Energy Council describing:</p> <ul style="list-style-type: none"> • The performance of the system. • Performance against whole-of-system key performance indicators. | ESB/COAG Energy Council | Complete | Health of the NEM reports for 2017, 2018, 2019 and 2020 published. |

| | Recommendation | Responsible body | Status | Comment |
|------|---|---------------------|---------------------|--|
| | <ul style="list-style-type: none"> Opportunities for market development including actual and emerging risks. Progress against a Statement of Expectations. | | On track | Strategic Energy Plan published on 20 January 2020. Statements of Expectations for AEMC and AER and statement of Role for AEMO not finalised. ESB has not received revised Terms of Reference. |
| 7.7 | AEMC, ESB or other suitable body, complete a comprehensive review of the National Electricity Rules with a view to streamlining them in light of changing technologies and conditions. | ESB / AEMC | Complete | Rules review completed but not comprehensive at this time. Should be reviewed again in about 5 years when transition is more settled. |
| 7.8 | Recommendations of the Vertigan Review to expedite the rule-making process should be implemented by the COAG Energy Council. | COAG Energy Council | Complete | |
| 7.9 | The ESB should prioritise work with energy market bodies, the COAG Energy Council, and other relevant stakeholders to further optimise the end-to-end rule change process. | ESB/AEMC | On track | The AEMC has been consolidating related rule requests where possible, rule requests related to reviews are being determined as part of the review process. AEMC undertaking an annual prioritisation process to guide the rule change process. |
| 7.10 | The COAG Energy Council should issue a Statement of Policy Principles to the AEMC to provide further clarification and policy guidance on applying the National Electricity Objective in the rule-making process. | COAG Energy Council | Under consideration | Governance of the AEMC and other market bodies is under active and ongoing consideration by ENCR, EMM and other forums. Further work may follow following consideration of the Post-2025 Market Design reforms. |
| 7.11 | The COAG Energy Council should ensure that the AER and the ESB are adequately funded. | COAG Energy Council | Complete | Complete. For implementation of the post 2025 agreed measures the adequacy of the ESB and market bodies budgets will need to be revisited. |
| 7.12 | AEMO should update its Constitution by developing a new skills matrix for directors to ensure appropriate representation of power systems engineering or equivalent expertise. | AEMO | Complete | |

| | Recommendation | Responsible body | Status | Comment |
|------|--|------------------|----------|--|
| 7.13 | The three-year cooling-off period for independent directors of AEMO should be reduced to six months. | AEMO | Complete | |
| 7.14 | The ESB and AER should develop a data strategy for the NEM. Initial design must be developed in consultation with industry and consumer bodies, consistent with open government data principles. First stage report to the COAG Energy Council on costs (design and implementation of initial set-up and indicative ongoing costs). | ESB / AER | Ongoing | Further development of the data strategy is proposed to be undertaken as part of the implementation of the Post-2025 Market Design recommendations |

s22

From: Angus Taylor
Sent: Monday, 25 October 2021 10:31 PM
To: DLO Taylor
Subject: FW: Post 2025 Market Design Final Advice 18AUG21 Errata [SEC=OFFICIAL]
Attachments: Post 2025 Market Design Final Advice 18AUG21 Errata_Ministers.pdf; Post 2025 Market Design Final Advice to Energy Ministers Part A 6AUG21 FTI revisions CONFIDENTIAL.pdf; Post 2025 Market Design Final Advice to Energy Ministers Part B 6AUG21 FTI revisions CONFIDENTIAL .pdf; Post 2025 Market Design Final Advice to Energy Ministers Part C 6AUG21 FTI revisions CONFIDENTIAL .pdf

OFFICIAL

From: s47F [mailto:s47F@esb.org.au] **On Behalf Of** Kerry Schott
Sent: Wednesday, 18 August 2021 1:22 PM
To: Angus Taylor
Cc: matthew.kean@minister.nsw.gov.au; lily.d'ambrosio@parliament.vic.gov.au; epw@ministerial.qld.gov.au; Dem.MinisterVHP@sa.gov.au; Barnett MP, Guy ; Shane.Rattenbury@act.gov.au
Subject: Post 2025 Market Design Final Advice 18AUG21 Errata

Dear Minister Taylor,

Please find attached correspondence from Kerry Schott AO, Chair Energy Security Board.

Warm regards

s47F
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: s47F
Email: s47F @esb.org.au

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<http://www.stepfwdit.com.au>



18 August 2021

The Hon Angus Taylor MP
Chair
Energy National Cabinet Reform Committee

Cc The Hon Matt Kean MP, Minister for Energy and Environment
The Hon Lily D'Ambrosio MLA, Minister for Energy, Environment and Climate Change
The Hon Michael de Brenni MP, Minister for Energy, Renewables and Hydrogen
The Hon Dan van Holst Pellekaan MP, Minister for Energy and Mining
The Hon Guy Barnett MP, Minister for Energy
Mr Shane Rattenbury MLA, Minister for Water, Energy and Emissions Reduction

Dear Ministers

ERRATA

Following submission of the final report to Ministers, one of ESB's consultants (FTI Consulting) found an issue with its forecast congestion model as they completed its checking. The issue has now been addressed and corrections to the model have been made. The corrections do not result in any changes to the finding in the post 2025 report or to the implications for the NEM and the ESB's recommendations. There are revisions to the numbers in several charts in the ESB post 2025 report.

At a high level, the impact of the change is that FTI's estimates of future level of congestion have increased relative to the previous version. FTI now estimate that transmission constraints will bind almost three times more frequently in 2030 than in 2020. The forecast cost of this congestion is difficult to estimate and depends largely on the cost of the power that displaces the generation constrained by the congestion. The latest forecast of the cost remains high though reduced. The impacts of congestion on customer prices would be expected to be larger, but have not been estimated due to the need to make subjective assumptions about generators' strategic bidding behaviour.

Attachment 1 provides a list of the amendments. I also attach a corrected version of the ESB's final advice.

Given the ESB's undertaking to stakeholders during the project to make the FTI Consulting report available when it is ready, the ESB has now published the final report on its website and will hold a webinar on 2 September 2021 with interested stakeholders to discuss its implications; and in particular its implications for the need to manage congestion management.

Please don't hesitate to get in touch if you would like to discuss these changes, or any other aspect of the ESB's final advice.

A similar letter has been sent to Senior Officials.

Your sincerely

s47F

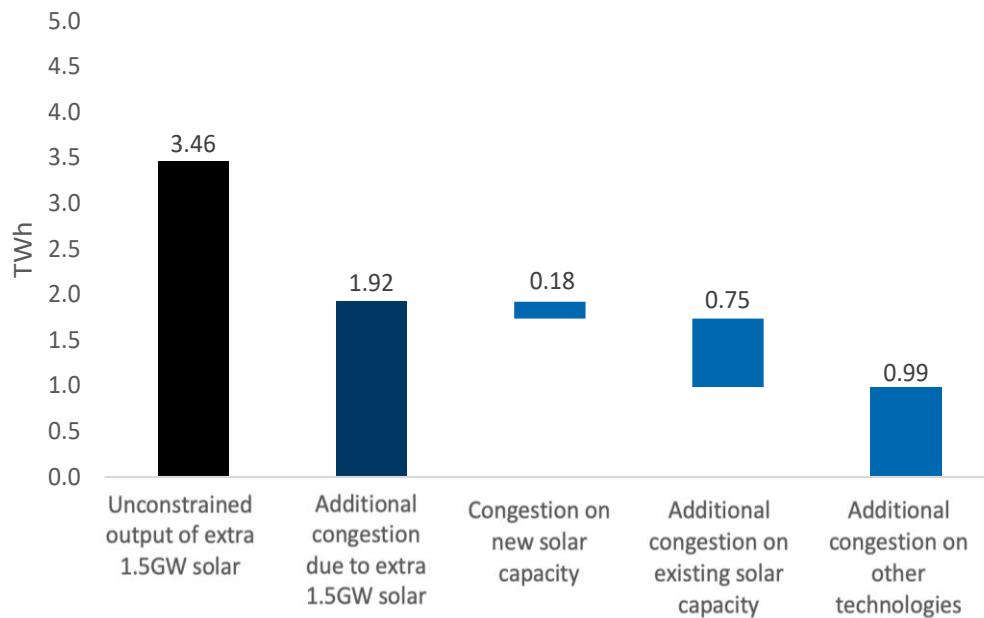
Kerry Schott AO
Chair, Energy Security Board



Attachment 1 – List of amendments

Part A

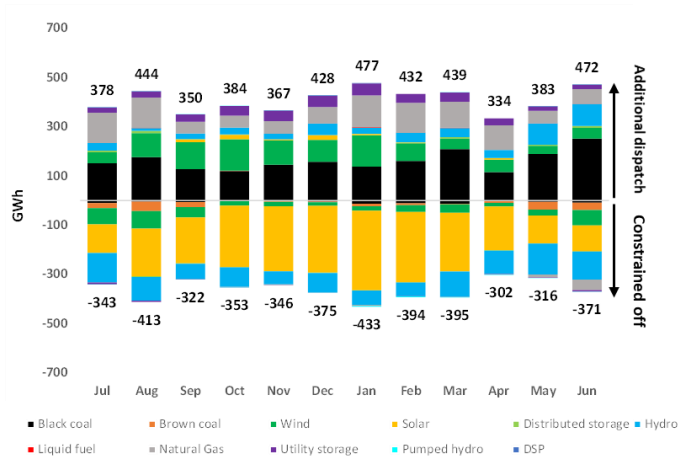
- Revised chart and commentary: Figure 8 - Impact of additional solar generation capacity on congestion volumes (page 41)



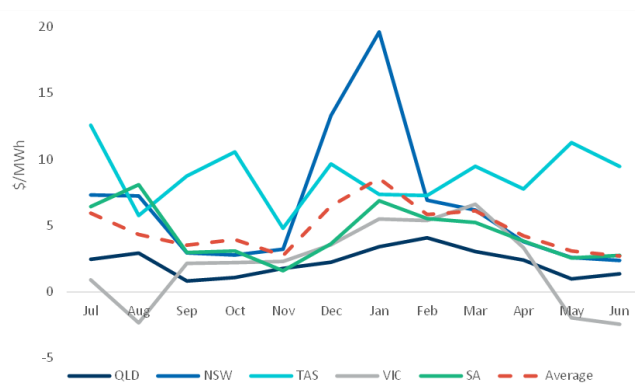
- Revised chart and commentary: Figure 9 Percentage of hours per month with at least one constraint binding by State (pg 42)



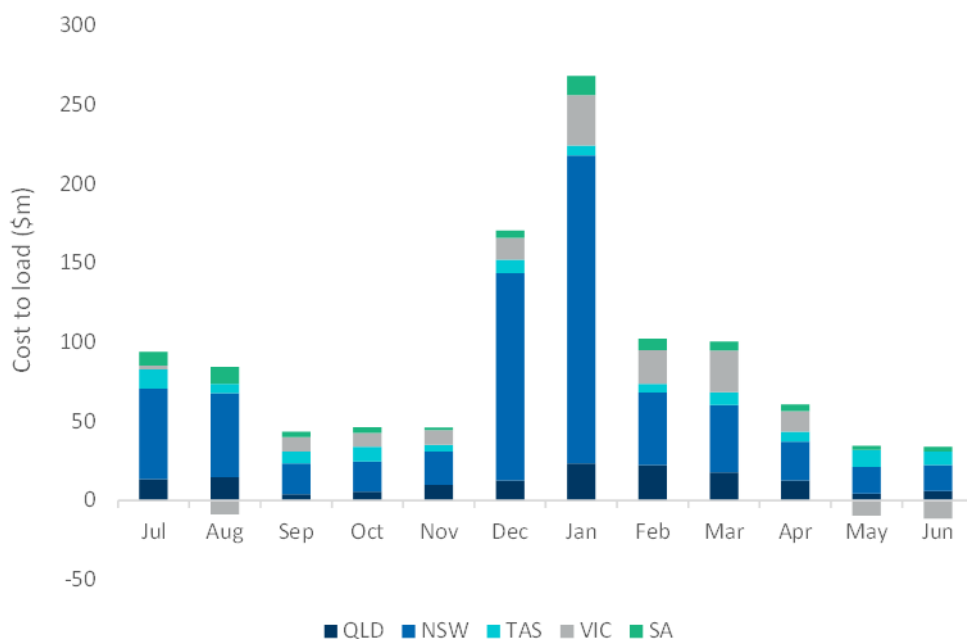
- Revised chart and commentary: Figure 10 Impact of constraints on generation in 2030 (step change scenario), GWh (pg 43)



- Revised chart and commentary: Figure 11 Impact of constraints on time weighted spot market prices, \$/MWh (pg 43)



- Revised chart and commentary: Figure 12 Increase in cost to load due to network constraints, 2030



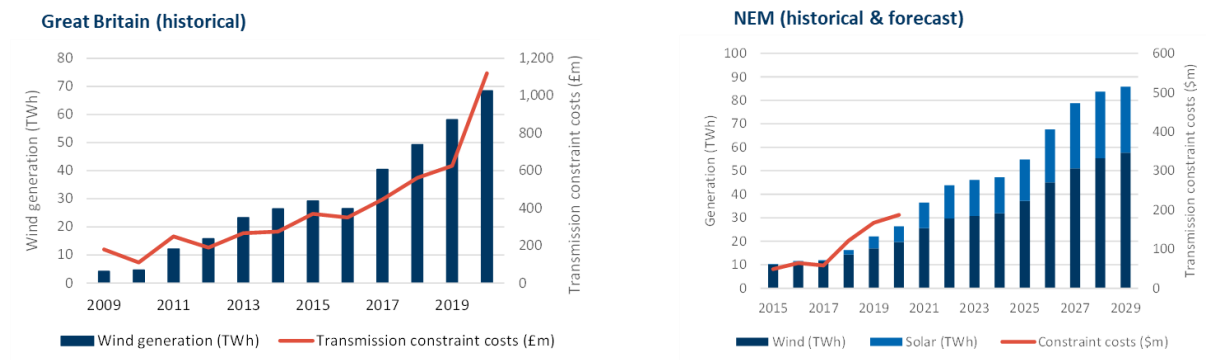


Part B

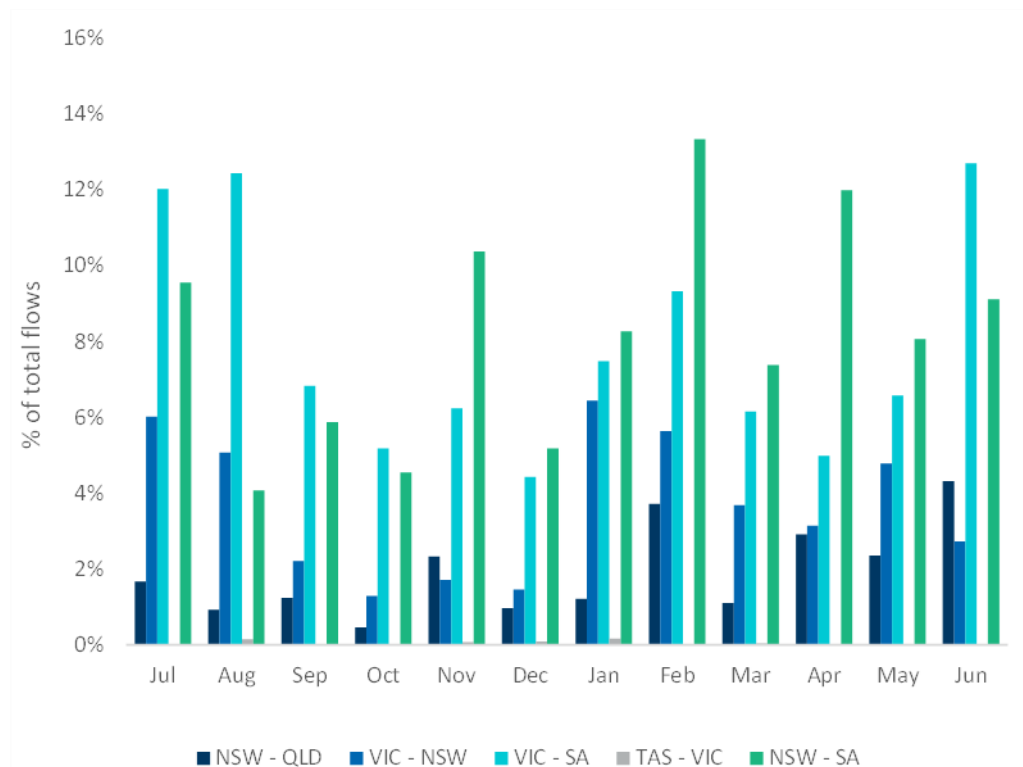
- Figure 5 Impact of additional solar generation capacity on congestion volumes (pg 99) has been amended as per figure 8 in Part A.
- Figure 27 and associated commentary (page 149-150) has been deleted as it duplicates previous discussion in Chapter 5.

Part C

- Revised chart: Figure 8 Trends in variable renewable generation and congestion costs (pg 44)



- Revised chart: Figure 9 Percentage of hours per month with at least one constraint binding by State (pg 46). Amended as per figure 9 in Part A.
- Revised chart: Figure 11 Forecast volume of counter-price flows across NEM interconnectors, 2030 (pg 49)





The Hon Angus Taylor MP
Minister for Energy and Emissions Reduction

15 July 2021

Dear Minister,

Future Energy Security Board Governance

I am writing to you in your role as Chairman of the Energy National Cabinet Reform Committee and have copied this letter to other Ministers on this Committee.

As you know the future of the Energy Security Board (ESB) is to be decided by Ministers shortly. The ESB has considered this matter and I enclose a short note that represents the views of all ESB members. We thought our views may be helpful to Ministers as they consider the matter. The ESB is keen to ensure that the reform process underway continues its current momentum. Policy and market design changes must keep up and preferably get in front of the actual changes occurring in the Australian electricity sector.

The ESB is presently composed of five members; two independent members, myself as Chair and David Swift as Deputy Chairman and Anna Collyer, head of the Australian Energy Market Commission, Clare Savage, head of the Australian Energy Regulator and Daniel Westerman, CEO of the Australian Energy Market Operator. I have been Chair of the ESB since 21 August 2017 and once the recommendations set out in our Post 2025 Market Design report have been considered by Ministers and National Cabinet my work at the ESB is complete. It is my intention at that time to formally resign and simply be available (if required) to assist with any changes being made to the ESB in future.

The market bodies and the ESB should together feel proud of the work they have done. The extent of the change in the National Electricity Market is not widely appreciated and the policy, regulatory and operational changes that have enabled and managed this transformation so far has been extraordinary. I am truly honoured to have had the opportunity to Chair the ESB and wish everyone well as they continue to develop policy and reforms in such a critical industry sector.

Yours sincerely

s47F

Kerry Schott AO

Chair, Energy Security Board
Level 26, 1 Bligh Street
Sydney NSW 2000
Mobile: s47F

CC:

The Hon. Matthew Kean MP
The Hon Lily D'Ambrosio MP
The Hon Michael de Brenni

The Hon Dan van Holst Pellekaan MP
The Hon Guy Barnett MP
Mr Shane Rattenbury MLA



Post ESB and Related Governance Matters

The Task Ahead: Implementation and Further Policy Detail and Development

As the ESB submits its report on the post 2025 design of the NEM in July there are a number of immediate issues to address. Ministers will address the report with the support of their officials and any additional briefing from the ESB. Ministers need to consider the immediate policy changes proposed and the medium to longer term policies and directions suggested. It is critical that timely decisions are made which work in the long term interests of customers, facilitating the transition underway while ensuring reliability, security and affordability.

Once Energy Ministers and National Cabinet have made decisions there will be a major implementation task; both to implement the immediate measures and undertake the more detailed work required to develop the medium and longer term policy roadmap for final approval and implementation. The key question for Ministers is what is the best way to deliver the further work needed to implement the post 2025 NEM design initiatives.

How the present ESB functions

The ESB (with few exceptions) has done what it was asked to do by Energy Ministers through COAG Energy Council and more recently through the Ministerial Council and ENCRC. The work the ESB has been given has been high level strategy – first implementing those recommendations of the Finkel review that were approved by Ministers, and then moving to the post 2025 market design work. The ESB budget has been provided by all the governments in the NEM.

The ESB is a project driven and very focussed group. Its staff numbers have always been small (usually around 10). General leadership across a wide range of issues has been provided by the Independent Chair and Deputy and two members of staff (currently Suzanne Falvi and Jo Witters). Beyond that general oversight and management, each ESB staff member has a specific issue of interest where their expertise is strongest, while at the same time keeping across work in other areas. It is non-hierarchical and team driven. The ESB members are seconded from market bodies, industry and government and its personnel has varied over the years. Work is done through working groups comprising ESB staff, members of all market bodies, relevant industry and particular consultants and contractors hired for specific tasks. These groups change depending on the task at hand.

This approach has enabled very capable people to rise to the occasion and it is critical that such a focussed, non-bureaucratic, project driven method of working continuing. The changes to the NEM are going to proceed for years and the challenges that may arise (given changing technology, climate, and government policies) cannot all be identified or forecast at this time. The approach going forward must be both iterative and timely.

The administration of the ESB in terms of its contracting, invoicing, accommodation etc has been provided by the AEMC ; IT has been arranged through AEMO. Both services have not been charged to the ESB. Ongoing arrangements (if the body is to continue) will need to take these costs into account as well as other costs incurred and not charged by the market bodies. These latter costs are largely staff working on ESB matters.



A Working Approach

The ESB and market bodies have been considering the arrangements to implement outcomes of the post 2025 market design, in an effective, timely and consultative way that meets the long term interests of consumers in the NEM. We suggest several approaches for consideration that incorporate the specific expertise and perspectives of all the market bodies. Each approach must ensure that the current good cooperation among the market bodies continues and that big strategic matters are dealt with in a timely manner with due consultation with NEM governments and industry.

It would seem appropriate for the future replacement of the ESB to work on those large strategic matters (including implementation and development of the p2025 design) that are set for it by the NEM Ministers through the Ministerial Council/ENCRC. In pursuing a strategic work program established by Ministers, the 'joint body' would report back to Ministers and be funded by them.

Other NEM matters should be dealt with in the usual way through the market bodies including ongoing market development work to support the joint body work program, or pursue the objectives of the joint body as defined by Ministers, and coordinated through the joint body. The ESB has engendered a collaborative approach to work undertaken within the respective market bodies, in the long term interests of consumers in the NEM. To ensure this continues we suggest that the governance arrangements should provide :

- A requirement for the market bodies to collaborate in relation to market development work. This requirement could be reflected in relevant Statement of Expectations or similar, and/or be statutory.
- An undertaking from the AEMC to work cooperatively with the AER and AEMO to ensure their involvement and input in its review work, seeking to gain consensus, and to reflect the views of AER and AEMO in the resulting report, including any dissenting views.; and
- AEMO and the AER undertake to provide resources and input into that market development work.

Through their respective work programs, coordinated through the joint body as required, the joint body or an individual market body may recommend to Ministers that advice on potential market system or regulatory failures or emerging disruptions caused by the rapid nature of Australia's energy transition should be appropriately funded through and provided by the joint body.

To enable the large strategic market development work that is required by Ministers, an approach that would work would be for the ESB staff to be a group housed within the AEMC (in much the same way as now) reporting to a Project Director and then to a "Board" comprised of the three market body heads (currently Anna Collyer, Daniel Westerman, and Clare Savage) and Chaired by the AEMC member (Anna Collyer). This group, through its 'Board', would report to Ministers and conduct large strategic projects as required by Ministers. It would operate within a proper governance structure with formal meetings, papers, minutes and decision making processes. In effect the process would be similar to the present with the exit of the two Independent ESB members (David Swift and Kerry Schott). The present Board has confidence that there is sufficient cooperation between the market bodies at present for an arrangement of this kind to work. If NEM Ministers did not share that confidence the 'Board' could have an Independent member added to it whose role would be to Chair the group and ensure the current cooperation continued and contribute to the work of the group (depending on expertise).



The AEMC staff working on the joint body work would be separately identified within the AEMC. This work would be separately funded by NEM Ministers and the Board would report to Ministers in the delivery of the work program. The project work would be undertaken through flexible operating arrangements allowing it to build the most capable team to deliver each element of its work program through a combination of staff from the market bodies, secondments from industry and government, and expert contractors and consultants as necessary. The program of work would be delivered through working group structures, in close collaboration with the market bodies. In essence it is a continuance of the ESB approach but recognizing it no longer needs to be so separate from the market bodies and should be integrated within them in a cooperative manner as described.

Next steps

It is important that the existing work program of the ESB be continued, maintaining the current momentum through implementation of the post 2025 market design initiative. A range of immediate actions need to be coordinated and delivered as soon as possible and work to further detail medium and longer term directions need to be progressed in a timely manner to ensure an orderly transition

To facilitate that, we recommend that Ministers endorse the approach for operation from 1 October, initially under resolution of the ENCRC. Transition arrangements would need to be agreed and funded to support the changeover. We further recommend that senior officials and the joint body work together to develop recommendations for Ministers on legislation, regulation or other measures to formally implement the new governance arrangements.

s22

From: s47F @esb.org.au>
Sent: Friday, 4 June 2021 12:41 PM
To: s22
Subject: Meeting with Kerry Schott | Proposed new times 10 June

Follow Up Flag: Follow up
Flag Status: Flagged

Hello again s22

Further to my email yesterday – would Minister Taylor be able to meet with Kerry at either 09:00 or 11:00 next Thursday 10 June? She is very keen to meet up face to face as soon as possible.

Kind regards

s47F

s47F
Executive Assistant to the Chair
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: + s47F

s47F [@esb.org.au](mailto:s47F@esb.org.au)

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s22

From: s47F @esb.org.au>
Sent: Monday, 23 August 2021 2:59 PM
To: s22
Cc: s22
Subject: Re: ESB final advice release - media releases [SEC=OFFICIAL]

So no issues with plan A? Schedule as emailed to you?

On 23 Aug 2021, at 2:57 pm, s22 wrote:

Thanks s47F – I understand Sean has spoken with Dr Schott.

s22

s22

Senior Adviser

Office of the Minister for Energy and Emissions Reduction | The Hon Angus Taylor MP
Parliament House, CANBERRA ACT 2600

s22

OFFICIAL

From: s47F [mailto:s47F @esb.org.au]
Sent: Monday, 23 August 2021 12:28 PM
To: s22
Cc: s22
Subject: ESB final advice release - media releases

s22

Media releases attached as discussed.

FTI modelling is a BAU job – flagged to stakeholders during consultation.

s47F

Energy Security Board

Communication Director

s47F

s47F @esb.org.au

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s22

From: s47F @esb.org.au>
Sent: Wednesday, 25 August 2021 5:45 PM
To: s22
Cc: s22
Subject: RE: Quotes for Minister Taylor media release [SEC=OFFICIAL]

Thanking you!

From: s22
Sent: Wednesday, 25 August 2021 5:22 PM
To: s47F
Cc: s22
Subject: RE: Quotes for Minister Taylor media release [SEC=OFFICIAL]

Thanks s47
As promised, find ATs statement attached which is under strict embargo until 12.01am 26 August 2021.
And as discussed if you could let me know what radio/TV Kerry agrees to do tomorrow, that would be greatly appreciated.
Cheers, s22

s22
Senior Adviser
Office of the Minister for Energy and Emissions Reduction | The Hon Angus Taylor MP
Parliament House, CANBERRA ACT 2600
s22

OFFICIAL

From: s47F [mailto:s47F @esb.org.au]
Sent: Monday, 23 August 2021 6:55 PM
To: s22 @energy.gov.au>; s22 @energy.gov.au; s22 @energy.gov.au>
Subject: Quotes for Minister Taylor media release

Hi s22 ,
You wanted some quotes from Kerry.
Here you go
s47

“I welcome the release of our recommendations for the redesign of the national electricity market. The release of our complete advice should end the guesswork about certain aspects of the proposed reforms which has certainly not enabled an informed debate,” Dr Schott said.

“This is not one big bang reform for the redesign of the electricity market. It is a set of interrelated measures to be implemented and considered over time. The reforms aim to deliver reliable, affordable, lower emissions electricity for consumers and to keep the lights on as the system decarbonises.”

“The job is to get firm and flexible supply that is affordable.”

“To achieve that we need improved information, harmonised jurisdictional schemes, orderly generator exit and timely entry of investment in new resources.

“We also need a capacity mechanism alongside the energy only market to bring forward the right mix of firm, flexible and variable resources when needed. That capacity might come from pumped hydro, batteries, wind, gas or coal, with those most able to be fast and flexible most likely to be relied upon and most likely to receive revenue.

“Participants need sufficient incentives and confidence to invest in new capacity. While that confidence is present for wind and solar generation, along with some battery storage, it is not evident for pumped hydro or gas peakers that can provide ‘deep’ storage on the probably few occasions when it is needed.

“Jurisdictions need assurance that participants will meet the power system’s physical needs at all times and if that assurance is not there, governments will intervene (as they have done) to provide missing gas peakers and pumped hydro as thermal coal exits.”

“We need to build new transmission projects and we are already well progressed down this path through the actionable Integrated System Plan (ISP). New generation investment is 27% ahead of the ISP step-change scenario and the delivery of new transmission must meet the target dates.”

“Nevertheless, even if it were physically possible to build enough transmission to connect all new generation projects located in increasingly remote locations, the costs to consumers would be unjustifiably high. A new efficient grid network will have some congestion. But the level of congestion needs to be managed. The benefits of new renewable generation diminish as the energy generated from new solar or wind farms either goes to waste or displaces existing renewable energy. These changes will help ensure that the generation that is being built can be operated successfully rather than building new projects that can’t connect to the grid and/or force those already there to be constrained. The reforms favour long-term operators over short-term speculators.”

s47F
Energy Security Board
Communication Director
s47F
@esb.org.au

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s22

From:

Sent:

To:

Subject:

s47F

Thursday, 3 June 2021 1:08 PM

s22

RE: 2021-476: ESB Kerry Schott & David Swift [SEC=OFFICIAL]

Follow Up Flag:

Flag Status:

Follow up

Completed

@esb.org.au>

Hello s22

Many thanks for your email. Unfortunately, Kerry has another board meeting on Thursday afternoon and meetings which cannot be moved. Although face to face is preferred could we try and organise a VC or some time perhaps when the Minister is next in Sydney after Thursday.

Kind regards

s47F

From:

Sent:

To:

Subject:

s22

Thursday, 3 June 2021 1:00 PM

s47F

FW: 2021-476: ESB Kerry Schott & David Swift [SEC=OFFICIAL]

@energy.gov.au>

@esb.org.au>

Dear s47F

Thank you for your email and meeting request below.

Minister Taylor will be in Sydney next week and could meet on **Thursday 10 June at 2.30pm.**

Please let me know if this would be suitable? If not we can arrange a time in Canberra if necessary.

Kind regards

s22

DIARY MANAGER
OFFICE OF THE HON ANGUS TAYLOR MP
MEMBER FOR HUME | MINISTER FOR ENERGY AND EMISSIONS REDUCTION
SUITE M1 . 26 PARLIAMENT HOUSE, CANBERRA ACT 2600

s22

@ENERGY.GOV.AU

OFFICIAL
OFFICIAL
OFFICIAL

From:

Sent:

To:

Subject:

s47F

Tuesday, 25 May 2021 10:30 AM

s22

Meeting request with Minister Taylor & ESB Chair - Kerry Schott

[mailto:s47F

@esb.org.au]

@energy.gov.au>

Hello s22

I hope you are keeping well.

Kerry has requested a 30 minute meeting with Minister Taylor and, also, our deputy Chair, David Swift.

Would you kindly check his diary and advise his upcoming availability.

Appreciate your assistance as always.

Kind regards

s47F

Executive Assistant to the Chair
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: + s47F

s47F @esb.org.au

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s22

From: s47F @esb.org.au>
Sent: Thursday, 11 June 2020 7:31 PM
To: s22
Subject: RE: Meeting Request: Kerry Schott AO, Chair Energy Security Board [SEC=UNCLASSIFIED]

Follow Up Flag: Follow up
Flag Status: Flagged

Hi s22 ,

Both times work for Kerry and David did you have a preference and please let me know if you are happy to use bluejeans and or there is a preference for VC provider.

Warm regards,
s47

From: s22 @energy.gov.au>
Sent: Thursday, 11 June 2020 6:21 PM
To: s47F @esb.org.au>
Subject: RE: Meeting Request: Kerry Schott AO, Chair Energy Security Board [SEC=UNCLASSIFIED]

Dear s47F

Thank you for your email.

I have a couple of times available:

3.30pm on Monday 22 June

10.00am on Tuesday 23 June

Please let me know if either of these times would be suitable?

Kind regards

s22

DIARY MANAGER
OFFICE OF THE HON ANGUS TAYLOR MP
MEMBER FOR HUME| MINISTER FOR ENERGY AND EMISSIONS REDUCTION
SUITE M1. 27 PARLIAMENT HOUSE, CANBERRA ACT 2600

s22 @ENERGY.GOV.AU

UNCLASSIFIED

From: s47F [mailto:s47F @esb.org.au]
Sent: Thursday, 11 June 2020 12:32 PM
To: s22 @awe.gov.au>
Subject: FW: Meeting Request: Kerry Schott AO, Chair Energy Security Board

Hi s22 ,

Just a follow up on the below meeting request for Kerry and David to meet with Minister Taylor during June to provide an update on the ESB workplan

If you could confirm any availability that would be greatly appreciated.

Warm regards

s47F
Energy Security Board
Level 15, 60 Castlereadgh St
Sydney NSW 2000
Ph: s47F
Email: s47F @esb.org.au

From: s47F
Sent: Tuesday, 2 June 2020 3:18 PM
To: s22 @awe.gov.au>
Subject: Meeting Request: Kerry Schott AO, Chair Energy Security Board

Hi s22 ,

I hope all is well, I was hoping to arrange a VC meeting for Kerry and David to meet with Minister Taylor during June to provide an update on the ESB workplan. If you could suggest some availability this would be greatly appreciated.

Warm regards

s47F

Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: s47F
Email: s47F

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s22

From:

Sent:

To:

Subject:

s47F

Monday, 23 August 2021 4:19 PM

s22

Thursday - FW: ESB final advice release - media releases [SEC=OFFICIAL]

@esb.org.au>

@energy.gov.au

Sorry s22 ,
Just checked with Kerry.
Public release now THURSDAY.
Everything moving forward 24 hours.
Info to energy reporters tomorrow embargoed 12.01 AEST Thursday 26 August.
So in Thursday papers.

s47

From:

Sent:

To:

Cc:

Subject:

s47F

Monday, 23 August 2021 2:59 PM

s22

s22

Re: ESB final advice release - media releases [SEC=OFFICIAL]

So no issues with plan A? Schedule as emailed to you?

On 23 Aug 2021, at 2:57 pm, s22 @energy.gov.au> wrote:

Thanks s47F – I understand Sean has spoken with Dr Schott.

s22

Senior Adviser
Office of the Minister for Energy and Emissions Reduction | The Hon Angus Taylor MP
Parliament House, CANBERRA ACT 2600
s22

OFFICIAL

From:

Sent:

To:

Cc:

Subject:

s47F

Monday, 23 August 2021 12:28 PM

s22

s22

ESB final advice release - media releases

[mailto:s47F

@esb.org.au]

@energy.gov.au>

@energy.gov.au>; s22

@energy.gov.au>

s22
Media releases attached as discussed.
FTI modelling is a BAU job – flagged to stakeholders during consultation.

s47F
Energy Security Board
Communication Director
s47F
@esb.org.au

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s22

From: s47F @esb.org.au>
Sent: Monday, 22 February 2021 3:00 PM
To: s22
Subject: RE: 2021-109 Kerry Schott AO, Chair Energy Security Board [SEC=OFFICIAL]

Hi s22 ,

Thanks for your email the 2nd March would be great – could we please arrange a VC or dial in as David Swift and Jo Witters are based in Adelaide and Melbourne respectively.

Warm regards

s47F
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: s47F
Email: s47F @esb.org.au

From: s22 @energy.gov.au>
Sent: Monday, 22 February 2021 2:42 PM
To: s47F @esb.org.au>
Subject: RE: 2021-109 Kerry Schott AO, Chair Energy Security Board [SEC=OFFICIAL]

Hi s47

Thank you for following up.

Minister Taylor will be in Sydney next **Tuesday 2 March, and could meet at the CPO, 1 Bligh Street at 3.00pm.**

Alternatively, I can arrange a time in Canberra during the next Sitting week, commencing 15 March. (after your timing)

Kind regards

s22

DIARY MANAGER
OFFICE OF THE HON ANGUS TAYLOR MP
MEMBER FOR HUME | MINISTER FOR ENERGY AND EMISSIONS REDUCTION
SUITE M1. 26 PARLIAMENT HOUSE, CANBERRA ACT 2600

s22 @ENERGY.GOV.AU

OFFICIAL

From: s47F @esb.org.au]
Sent: Wednesday, 17 February 2021 11:00 AM
To: s22 @awe.gov.au>; s22 @energy.gov.au>
Subject: RE: Meeting Request: Kerry Schott AO, Chair Energy Security Board

Hi s22

Just a follow up on the below meeting request please.

s47

From: s47F
Sent: Thursday, 11 February 2021 2:13 PM
To: s22 @awe.gov.au>; s22 @energy.gov.au>
Subject: Meeting Request: Kerry Schott AO, Chair Energy Security Board

Hi s22

I was hoping to confirm some availability for Kerry Schott AO, Chair of Energy Security Board and David Swift, Deputy Chair along with Matt Garbutt to meet with Minister Taylor for a briefing of the P2025 March consultation paper.

Timing would be between w/c 22 Feb 21 and 5 Mar 21.

Warm regards
s47F
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: s47F
Email: s47F

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s22

From: s47F @esb.org.au>
Sent: Wednesday, 11 November 2020 12:38 PM
To: s22
Subject: RE: Meeting Request: Kerry Schott AO, Chair Energy Security Board

Follow Up Flag: Follow up
Flag Status: Completed

Hi s22

I was hoping to confirm some availability for Kerry Schott, Chair of Energy Security Board and David Swift, Deputy Chair along with Matt Garbutt to meet with Minister Taylor for a meeting pre the release of the P2025 December Directions paper.

Timing would be between w/c 30 Nov 2020 – 11 Dec 2020.

Warm regards

s47F
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: s47F
Email: s47F

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s22

From: s22
Sent: Monday, 24 August 2020 12:04 PM
To: s47F ; s22
Subject: RE: Meeting request: Post 2025 August Consultation paper - pre-release [SEC=OFFICIAL]

Dear s47F

Thank you for your email. Minister Taylor could take a call/video link at 9.00am-9.30am on Thursday 27 August?

Unfortunately we don't have any other time slots available in the diary.

Regards

s22

DIARY MANAGER
OFFICE OF THE HON ANGUS TAYLOR MP
MEMBER FOR HUME | MINISTER FOR ENERGY AND EMISSIONS REDUCTION
SUITE M1. 27 PARLIAMENT HOUSE, CANBERRA ACT 2600

s22
@ENERGY.GOV.AU

OFFICIAL

From: s47F @esb.org.au]
Sent: Friday, 21 August 2020 3:56 PM
To: s22 @energy.gov.au>; s22 @energy.gov.au>
Subject: Meeting request: Post 2025 August Consultation paper - pre-release

Hi s22

I was hoping to schedule a meeting with Kerry and Minister Taylor in advance of the August consultation paper being released, could I please confirm availability for;
Wednesday 26th 4-5pm
Thursday 27th between 9-3pm or 4-5pm

Warm regards

s47F
Energy Security Board
Level 15, 60 Castlereagh St
Sydney NSW 2000
Ph: s47F
Email: s47F @esb.org.au

NB. I have access to emails intermittently on **Tuesdays** please call the mobile number for anything urgent

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s22

From: s47F @esb.org.au>
Sent: Thursday, 22 October 2020 6:55 AM
To: s22
Subject: RE: Meeting with Minister Taylor [SEC=OFFICIAL]

Follow Up Flag: Follow up
Flag Status: Completed

Hi s22

Kerry, David and Matt are available as follows;

Mon 26th 12 – 2pm

Tue 27th 12 – 3pm

Wed 28th 12 – 2pm

Fri 30th 12:30 – 2pm or 3-5pm

Mon 2nd 9-2pm

Wed 4th 11 – 1:30 or 4-5

Thurs 5th 9-11:30

Fri 6th 1-3pm or 4-5pm

Tue 10th 1-3pm or 4-5

Fri 13th 9-11 or 1pm onwards

Warm regards,

s47

From: s22 @energy.gov.au>
Sent: Wednesday, 21 October 2020 7:01 PM
To: s47F @esb.org.au>
Subject: Meeting with Minister Taylor [SEC=OFFICIAL]

Dear s47F

I hope this finds you well.

s22 has asked me to contact you in relation to a follow up meeting with Minister Taylor and Kerry Schott. The previous meeting was in August.

I can arrange a Webex meeting in the next couple of weeks. Let me know what dates work for you?

Kind regards

s22

DIARY MANAGER
OFFICE OF THE HON ANGUS TAYLOR MP
MEMBER FOR HUME | MINISTER FOR ENERGY AND EMISSIONS REDUCTION
SUITE M1. 27 PARLIAMENT HOUSE, CANBERRA ACT 2600

s22 @ENERGY.GOV.AU

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s22

From:

Sent:

To:

Subject:

s47F

Tuesday, 3 August 2021 7:51 PM

s22

RE: Meeting with Minister Taylor [SEC=OFFICIAL]

@esb.org.au>

Follow Up Flag:

Flag Status:

Follow up

Flagged

Hi s22

Thanks for your email, Kerry Schott and David Swift are available Monday afternoon.

Warm regards,
s47

From:

Sent:

To:

Cc:

Subject:

s22

Tuesday, 3 August 2021 5:28 PM

s47F

s47F

Meeting with Minister Taylor [SEC=OFFICIAL]

@energy.gov.au>

@esb.org.au>

@esb.org.au>

Hi s47F

Minister Taylor has requested a meeting with Kerry Schott early next week.

I was wondering if she would be available during the following times:

3.30pm-4.15pm on Monday 9 August or
12.00pm – 12.45pm on Tuesday 10 August

I look forward to hearing back,

Kind regards

s22

DIARY MANAGER

OFFICE OF THE HON ANGUS TAYLOR MP

MEMBER FOR HUME | MINISTER FOR ENERGY AND EMISSIONS REDUCTION

SUITE M1. 26 PARLIAMENT HOUSE, CANBERRA ACT 2600

s22

@ENERGY.GOV.AU

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s22

From: s47F @esb.org.au>
Sent: Tuesday, 27 July 2021 10:14 AM
To: s22 @energy.gov.au
Subject: Post 2025 market design final report - Energy Security Board media release 27 July 2021

s22

As you know the ESB post 2025 final report has gone to all jurisdictions.
The report will be released at ministerial direction.
Cabinet-in-confidence until then.
So release just closes the loop (no materials attached).
Low key.

Just to our usual core list:

- AFR – Angela Macdonald Smith;
- Guardian – Katherine Murphy;
- Nine papers – Mike Foley;
- Australian – Perry Williams/Ticky Fullerton;
- Renew – Michael Mazengarb/Giles Parkinson
- RN B'fast – Fran Kelly;
- aap – Paul Osborne

Regards,

s47F

Media release
27 July 2021

Energy market redesign advice finalised

The Energy Security Board (ESB) today handed final advice on its redesign of the national electricity market (NEM) to Energy National Cabinet Reform Committee.

Developed in response to a request from energy ministers in 2019, the proposals are designed to support an orderly transition to a modern, new Australian energy system with a rapidly increasing growth in large and small scale renewable generation.

The timing for the release of the final advice will be determined by National Cabinet.

ESB Independent Chair, Dr Kerry Schott AO, said the final advice is a package of timely and interrelated reforms and actions to successfully integrate the transition to renewable generation already underway. This entry of new generation must coordinate with the exit of aging coal fuelled generation.

Maximising opportunities and managing the risks associated with this transition will deliver affordable, smart and clean energy in a seamless way for consumers.

"This isn't just a tweak around the edges; it's about a whole redesign of the national electricity market. We expect governments will need time to develop their responses," Dr Schott said.

"We all know reform isn't optional. It is not something we can choose to do; it's something we have to do to confidently embrace Australia's energy future while reducing the risk of price shocks and blackouts.

"The clearer and more coordinated the path, and the smoother the transition, the more confidence consumers, industry, investors and governments will have."

The final advice is the result of consultation with a broad range of industry stakeholders, consumer bodies, academics, government bodies and interested parties over the past two-years.

Dr Schott said consistent with the options paper released in April, the final advice covers four market design reform pathways that set out what needs to be done in the short term, to address more urgent issues, as

- **Preparing for aging coal fuelled generation retirement** by giving incentives for the right mix of resources – weather dependent renewables and firm and flexible generation. This will restore confidence that energy is there when it is needed, reducing both the risks of extreme price volatility and the need for expensive government interventions.

Dr Schott said resource adequacy is a real and present danger.

“We have had a very mild summer, and everyone has got very complacent, but we only need one hot summer in three jurisdictions together or a major unexpected outage at a big coal plant and we’ve got a real resource adequacy issue right on top of us,” she said.

- **Backing up power system security** by getting services like inertia, voltage and frequency control into the market, and optimising their procurement and dispatch to save money while keeping the lights on.

Dr Schott said these technical reforms are critical to restoring confidence in the reliability and security of the system now, avoiding costs for consumers, and setting us up for batteries and emerging new technologies.

“The lack of essential system services has cost consumers a lot of money in recent years as a result of expensive interventions by AEMO to maintain system security. These interventions come with various compensation payments. A number of these reforms are urgent and are already underway. With the reforms continuing we expect interventions will decline markedly if not disappear altogether,” she said.

- **Unlocking benefits for all energy consumers of recent changes including solar PV, batteries, and smart appliances** by putting the necessary arrangements in place to make better use of existing rooftop solar and customer batteries and open further opportunities for these and other smart appliances so all customers can benefit from not having to pay for unnecessary investments.

Dr Schott said we need to change how we manage electricity in much the same way as we have changed the way think about our telephones. Product offerings will be different and able to provide better value and more services.

“We are proposing the changes needed so consumers will be able to choose how they source the energy they need. But while a lot of the proposals are complex, they are ‘under the bonnet’, and the consumer experience will be easier than it is today,” she said.

- **Opening the grid to cheaper large-scale renewables** by reducing the costs associated with getting new, geographically dispersed generation to customers.

Dr Schott said congestion is already happening in north-west Victoria and there are other places on the grid that are going to get very congested over the next 10 years.

“We must upgrade the transmission network to realise the opportunities. We are already well progressed down this path through changes to the way we plan and develop the national grid. Further reforms are required to make the most of the new grid, manage future congestion and connect the new generation and storage needed as efficiently as possible,” she said.

Dr Schott said the ESB will continue to work with the Australian Energy Market Commission (AEMC), Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER) to progress reforms to the National Electricity Rules while the broader advice is considered by governments.

The Energy Security Board has five members:

| | |
|--------------------|--|
| Dr Kerry Schott AO | Independent Chair |
| David Swift | Independent Deputy Chair |
| Clare Savage | Chair of the Australian Energy Regulator |
| Anna Collyer | Chair of the Australian Energy Market Commission |
| Daniel Westerman | CEO and Managing Director of the Australian Energy Market Operator |

About the Energy Security Board

The Energy Security Board reports to the Energy National Cabinet Reform Committee (ENCRC). The ENCRC and the energy ministers' meeting are ministerial forums for the Commonwealth, States and Territories to work together in pursuit of national energy reforms. The ENCRC and energy ministers' meeting were established following cessation of the Council of Australian Governments (COAG) in May 2020.

Energy Security Board media enquiries:

s47F

[@esb.org.au](mailto:esb@esb.org.au)

Ends

s47F

Energy Security Board
Communication Director

s47F

[@esb.org.au](mailto:esb@esb.org.au)

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s22

From: s47F @esb.org.au>
Sent: Wednesday, 28 July 2021 4:40 PM
To: s22
Cc: s22 @energy.gov.au; s22
Subject: State media advisers - FW: Post 2025 market design final report - Energy Security Board media release 27 July 2021

s22

I am sending Kerry's media release to state MOs now.
I will send to media when you drop me text as discussed.

s47F

From: s47F
Sent: Tuesday, 27 July 2021 10:14 AM
To: s22 :@energy.gov.au; s22 @energy.gov.au; s22 @energy.gov.au
Subject: Post 2025 market design final report - Energy Security Board media release 27 July 2021

s22

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- RN B'fast – Fran Kelly;
- aap – Paul Osborne

Regards,

s47F

Media release
27 July 2021

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Developed in response to a request from energy ministers in 2019, the proposals are designed to support an orderly transition to a modern, new Australian energy system with a rapidly increasing growth in large and small scale renewable generation.

The timing for the release of the final advice will be determined by National Cabinet.

ESB Independent Chair, Dr Kerry Schott AO, said the final advice is a package of timely and interrelated reforms and actions to successfully integrate the transition to renewable generation already underway. This entry of new generation must coordinate with the exit of aging coal fuelled generation.

Maximising opportunities and managing the risks associated with this transition will deliver affordable, smart and clean energy in a seamless way for consumers.

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“We all know reform isn’t optional. It is not something we can choose to do; it’s something we have to do to confidently embrace Australia’s energy future while reducing the risk of price shocks and blackouts.

“The clearer and more coordinated the path, and the smoother the transition, the more confidence consumers, industry, investors and governments will have.”

The final advice is the result of consultation with a broad range of industry stakeholders, consumer bodies, academics, government bodies and interested parties over the past two-years.

Dr Schott said consistent with the options paper released in April, the final advice covers four market design reform pathways that set out what needs to be done in the short term, to address more urgent issues, as well as the medium and longer term direction for how the national electricity market needs to evolve. These are:

- **Preparing for aging coal fuelled generation retirement** by giving incentives for the right mix of resources – weather dependent renewables and firm and flexible generation. This will restore confidence that energy is there when it is needed, reducing both the risks of extreme price volatility and the need for expensive government interventions.

Dr Schott said resource adequacy is a real and present danger.

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Energy Security Board media enquiries:

s47F

@esb.org.au

Ends

s47F

Energy Security Board
Communication Director

s47F

@esb.org.au

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