



Interim Memorandum of Understanding To establish a Market Bodies Forum

Purpose

This Memorandum of Understanding (MOU) has been developed to draw on the combined resources and expertise of the parties and to utilise all available mechanisms to support better decisions and more timely energy market development and reform through the establishment of a Market Bodies Forum (Forum) of the energy market institutions being the:

- Australian Energy Market Commission (AEMC)
- Australian Energy Market Operator (AEMO)
- Australian Energy Regulator (AER).

The market bodies agree that in order to deliver upon their ultimate objective of secure and reliable energy supplies in the long term interests of consumers, there is a need:

- For market and regulatory arrangements to adapt to the changing environment to deliver on their objectives
- To attract efficient investment across all sectors
- To support innovation.

Collectively, the three market bodies possess many of the necessary powers and functions to develop, implement, execute and then monitor compliance with changes to market frameworks that are necessary to support the transformation of the energy system.

Objectives

This MOU sets out a framework for co-operation between the AEMC, AEMO and AER on priority areas where co-operation is essential for effective and efficient energy markets in the long term interests of consumers.

This MOU establishes the mechanism and the process by which market bodies will achieve this through:

- An agreed package of priorities for reform as they vary from time to time and a commitment to maintain this on an ongoing basis
- A shared purpose, to improve coordination and work together to deliver timely reform
- A proactive approach to collaborate and co-ordinate with each other to implement necessary reforms.

This MOU operates alongside existing bilateral MOUs between Forum members.

Roles and functions of the organisations

AEMC – The AEMC is established under the *Australian Energy Market Commission Establishment Act 2004* of South Australia. The AEMC has two roles which are set out in its establishment legislation and the National Electricity Rules, the National Gas Law and the National Energy Retail Law. It advises the COAG Energy Council on energy market development and is the rule maker for energy markets.

AEMO – AEMO is a not for profit company limited by guarantee. Its functions are prescribed under its Constitution, the National Electricity Law, the National Electricity Rules, the National Gas Law, the National Gas Rules, the National Energy Retail Law and the National Energy Retail Rules. AEMO is responsible for operating Australia's largest gas and electricity markets and power systems. AEMO also provides a range of critical planning, forecasting and power systems information to stakeholders.

AER – The AER is established under the Competition and Consumer Act 2010. Its key roles are the economic regulation of energy networks and monitoring, compliance and enforcement across the energy sector (wholesale, networks and retail). These are set out in its establishment legislation and the National Electricity Rules, the National Gas Law and the National Energy Retail Law.

The Market Bodies Forum – made up of the AEMC, AEMO and AER. It is a non-statutory, unincorporated body and has no legal functions or powers separate from those of each member.

Principles

Cooperation

Forum members will work together to achieve the effective regulation, oversight and development of energy markets, specifically the timely reform of the energy sector as it evolves now and into the future.

Forum members acknowledge the different roles and functions of each member and will use this as strength to provide a whole of sector perspective and a way of cooperatively developing, implementing, executing and then monitoring compliance with changes to regulatory and market arrangements in a streamlined and timely manner.

Consultation

The Forum will consult as appropriate with other organisations that operate within or alongside the national energy market governance structure.

Information Sharing

Forum members will share information and deal with confidential information in a manner consistent with bilateral MOUs already established.

Operational provisions of Forum

Forum members will establish procedures to facilitate regular contact meetings in accordance with the principles below.

Meetings

The Forum will meet as required, and at least on a quarterly basis.

Priority setting

The Forum will work collaboratively to agree a focused set of priorities that will evolve over time.

Forum priorities will be matters that are national in nature, and benefit from the cooperation and collaboration of more than one member.

Allocation of responsibilities

A program of work or co-ordinated action will be devised for each priority matter. This will involve:

- Consideration of whether the market bodies have the delegated powers and responsibilities required to deliver that component or whether further COAG Energy Council endorsement is required
- Developing approaches to minimise duplication and streamline actions,
- Establishing milestones and reporting back to the Forum to allow progress to be monitored

Reporting

The Forum will:

- Proactively report to the COAG Energy Council on the health of energy markets and recommend courses of action to address emerging trends and deliver the Council's policy objectives.
- Accept tasks from the Energy Council and incorporate these into its priorities and associated work program.
- Report regularly as part of a standing agenda item at every COAG Energy Council meeting (including telepresence and extraordinary meetings).
- Report to the Senior Committee of Officials (SCO) as appropriate.

Legal standing

The agreement to work together is non-binding and does not seek to modify the legal responsibilities of the individual entities, their governance or powers and functions.

Management of the MOU

This interim MOU will be reviewed once the Forum has established, and taking into account the bilateral MOUs between the members. Following this initial review, the MOU will be revised at least every two years.

Dated this 7th day of June 2017

Signed on behalf of the
Australian Energy
Regulator
Paula Conboy
Chair

Signed on behalf of the
Australian Energy Market
Commission
John Pierce
Chair

Signed on behalf of the
Australian Energy Market
Operator
Audrey Zibelman
Chief Executive Officer