Our Ref: F2021/000200

Government of South Australia

Department for Energy and Mining

[redacted]

Dear [redacted]

I am writing in relation to your application made under the *Freedom of Information Act 1991* (FOI Act) in which you requested access to the following documents:

Ministerial briefings, status papers, emails, and other correspondence relating to the consideration or implementation of the Australian Energy Market Commission's recommended law and rule changes updating the regulatory frameworks for embedded networks (As set out here: https://www.aemc.gov.au/sites/default/files/2019-06/EMO0036 - Proposed Law and Rule Changes - 20 June 2019 - for publication.PDF)

In accordance with Premier and Cabinet Circular PC045, if you are given access to documents as a result of this FOI application, details of your application, and the documents to which access is given, may be published in the agency's disclosure log. A copy of PC045 can be found at http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars.

A search has been conducted nine (9) documents were discovered that fall within the scope of your application. The documents are identified in the attached schedule. In respect of these documents, I have determined as follows:

Documents 1 to 5

I have determined that these documents should be released in part.

With regards to these documents, the parts to which I have not granted you access contain information that is not relevant to your application and have been deemed 'Out of Scope'.

Documents 6 and 7

I have determined that these documents should be released in part.

With regard to these documents, the parts to which I have not granted you access would divulge information from a confidential intergovernmental communication.

Under Clause 5(1)(a)(ii) of Schedule 1 to the FOI Act, a document is an exempt document if it contains matter the disclosure of which 'would divulge information from a confidential intergovernmental communication'. This information falls within the definition of confidential intergovernmental communication under the FOI Act and is therefore exempt from release pursuant to Clause 5(1)(a)(ii).

Documents 8 and 9

I have determined that these documents should be released in full.

Exemptions

For your information, the following exemptions apply:

Clause 5—Documents affecting inter-governmental or local governmental relations

(1) A document is an exempt document if it contains matter—
(a) the disclosure of which—
(ii) would divulge information from a confidential intergovernmental communication; and
(b) the disclosure of which would, on balance, be contrary to the public interest.

Appeal Rights

If you are dissatisfied with this decision, you are entitled to exercise your rights of review and appeal as outlined in the attached documentation.

If you have any queries in relation to your application, please contact me on 8429 2489 or via email DEM.FOI@sa.gov.au.

Yours sincerely

Julianne Cirson
Accredited FOI Officer

17 May 2021

SCHEDULE OF DOCUMENTS

Freedom of Information application by:

Ministerial briefings, status papers, emails, and other correspondence relating to the consideration or implementation of the Australian Energy Market Commission's recommended law and rule changes updating the regulatory frameworks for embedded networks (As set out here: https://www.aemc.gov.au/sites/default/files/2019-06/EMO0036 - Proposed Law and Rule Changes - 20 June 2019 - for publication.PDF)

Doc No	Description	Exemption Clause(s)	Determination
1	Hot Topics as at 20 June 2019	Information not relevant to your application has been marked as "Out of scope"	Document released in part
2	Hot Topics as at 27 June 2019	Information not relevant to your application has been marked as "Out of scope"	Document released in part
3	Hot Topics as at 24 October 2019	Information not relevant to your application has been marked as "Out of scope"	Document released in part
4	Hot Topics as at 31 October 2019	Information not relevant to your application has been marked as "Out of scope"	Document released in part
5	Hot Topics as at 7 November 2019	Information not relevant to your application has been marked as "Out of scope"	Document released in part
6	COAG Energy Council Agenda – 22 November 2019	Clause 5(1)(a)(ii) – Inter-Governmental relations	Document released in part
7	COAG Energy Council Speaking Notes – 22 November 2019	Clause 5(1)(a)(ii) – Inter-Governmental relations	Document released in part
8	Email dated 11 February 2020		Document released in full
9	Email dated 5 March 2020		Document released in full

Government of South Australia
Department for Energy and Mining

Hot Topics – as at 20 June 2019

Out of scope

- AEMC Review of Embedded Networks
  - The AEMC is scheduled to release its final report on Updating the Regulatory Frameworks for Embedded Networks on Thursday 20 June.

Out of scope

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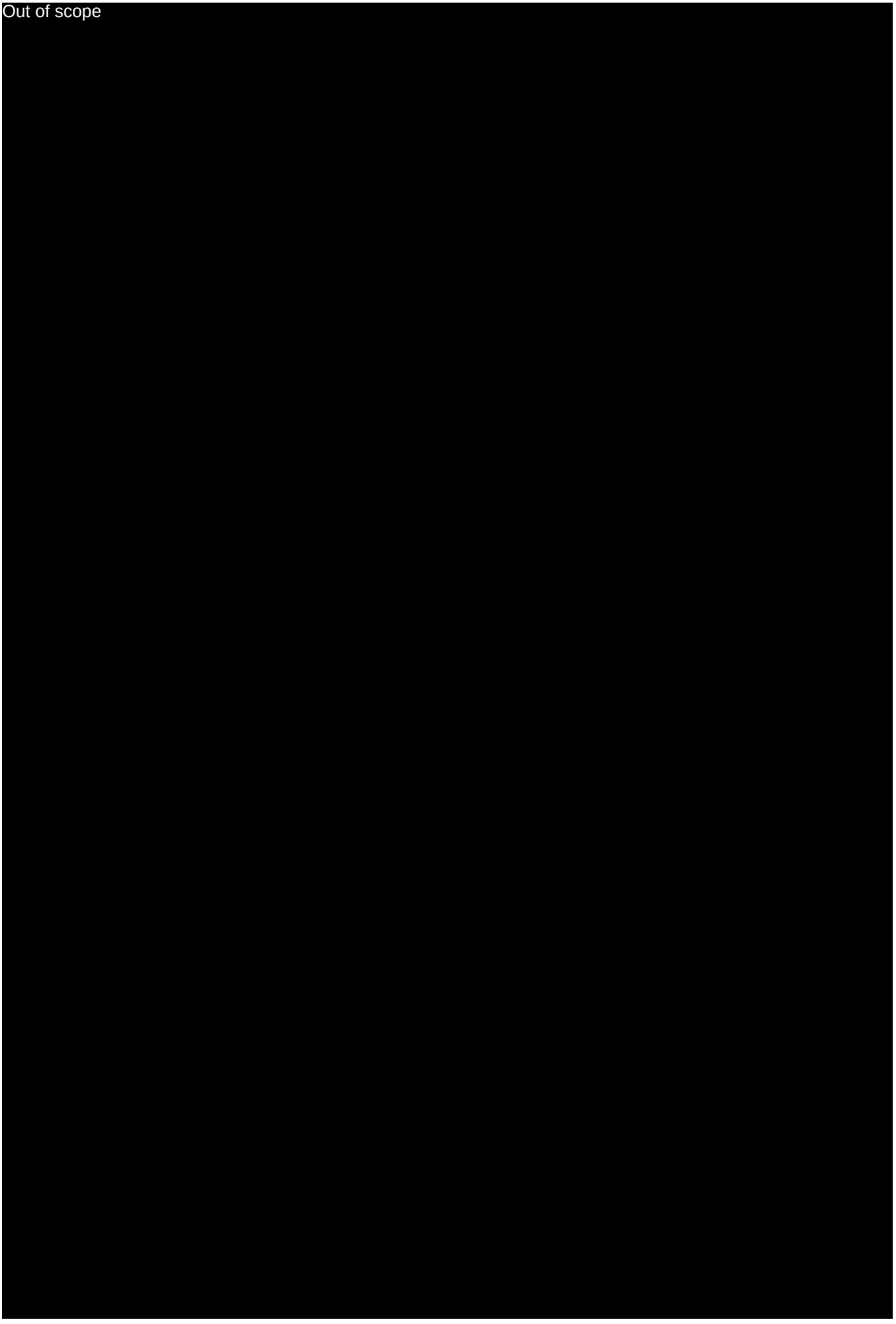

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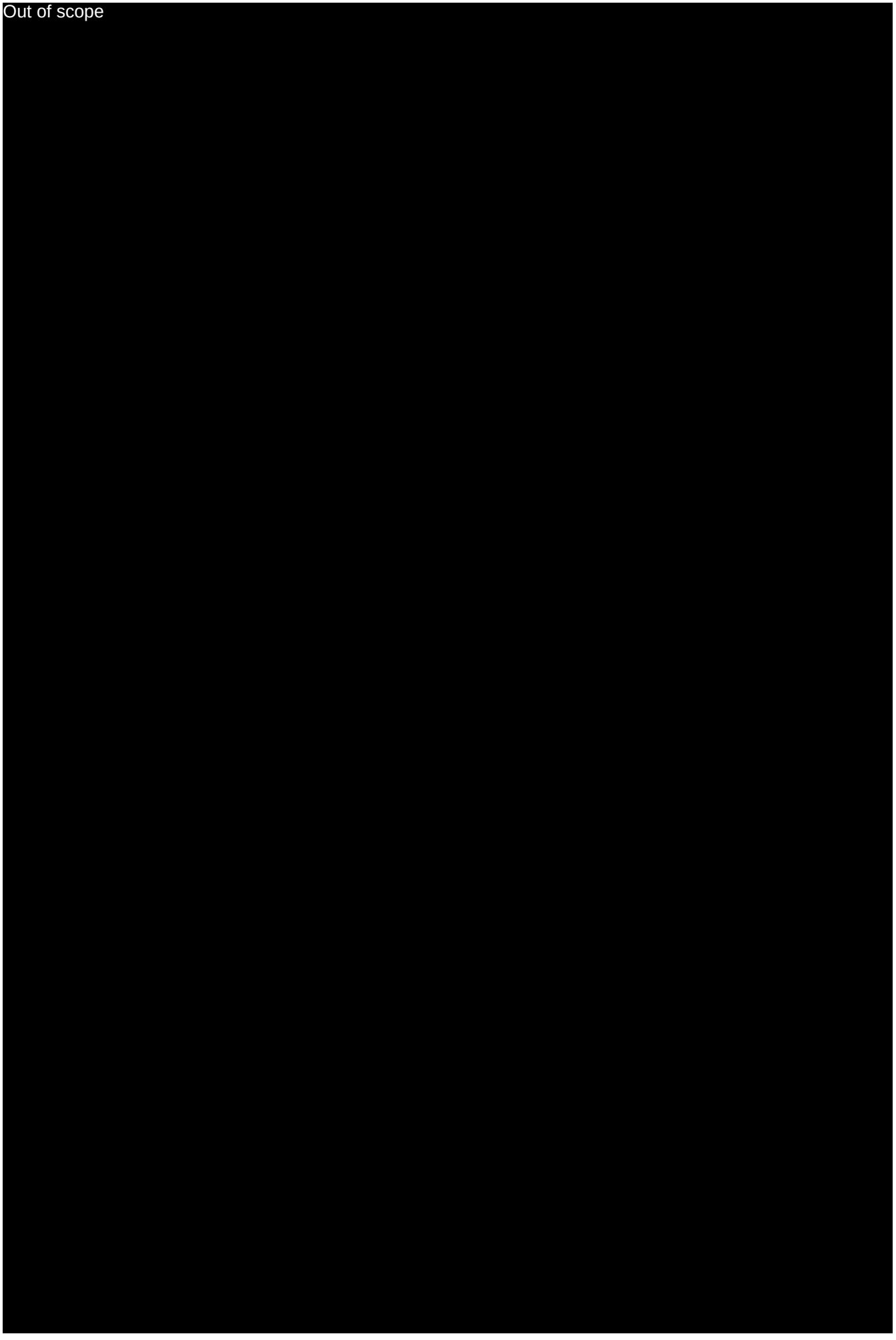

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  - The proposed new framework seeks to improve consumer protections and access to retail market competition for embedded network customers by extending many of the arrangements for grid-supplied customers.
  - The AEMC proposes a staged plan to transition certain legacy embedded networks to the new arrangements.
  - A working group, Chaired by South Australia, has been established under SCO to consider the AEMC's package and oversee the development of law changes.

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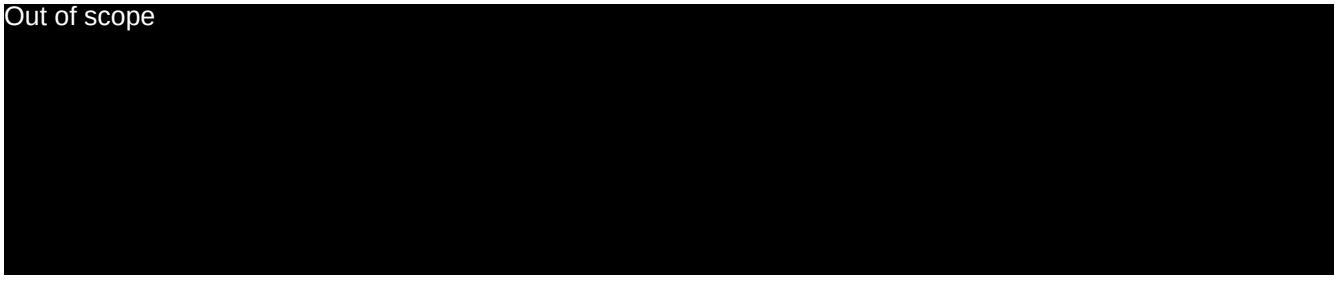

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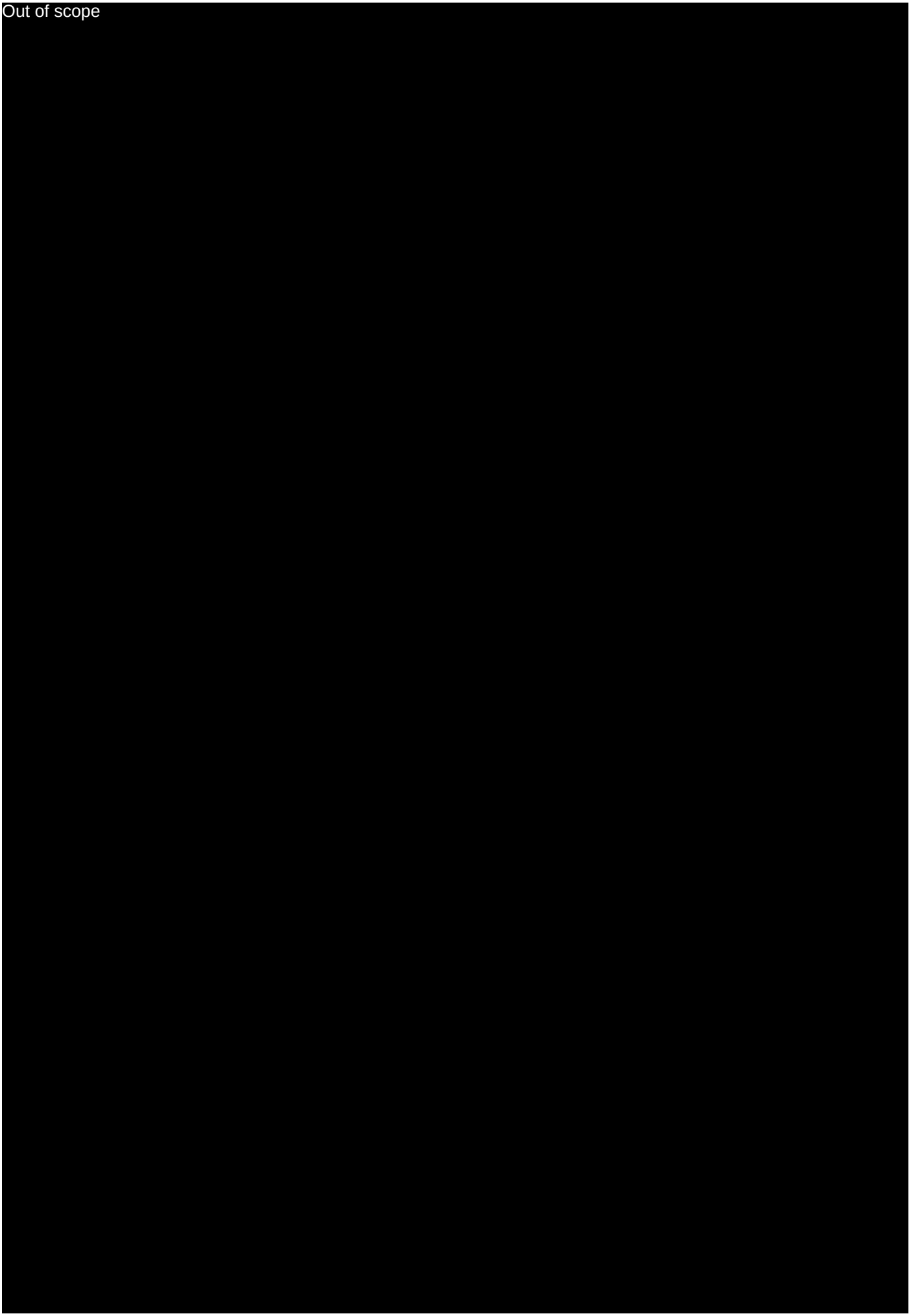

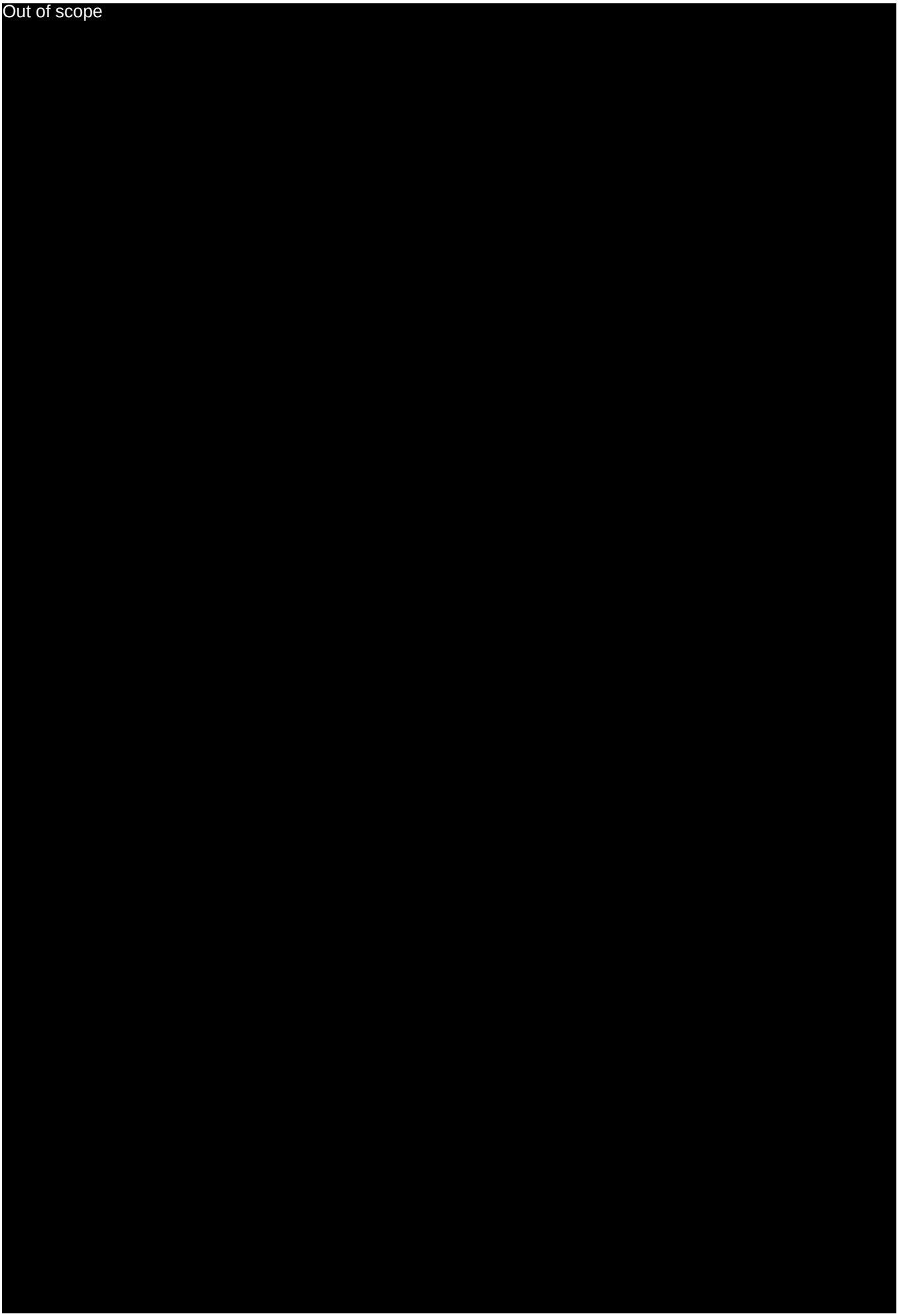
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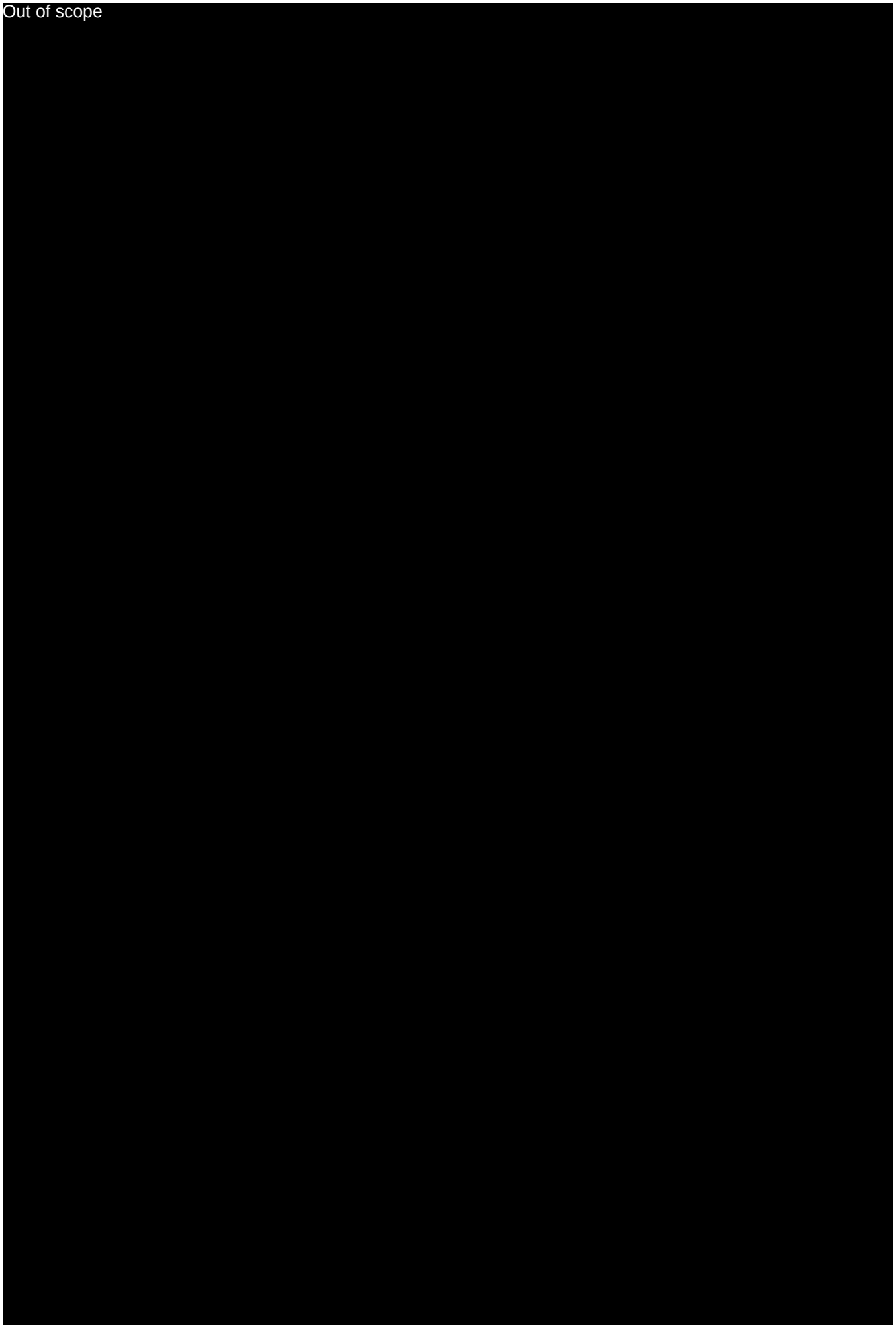

Government of South Australia
Department for Energy and Mining

Hot Topics – as at 27 June 2019

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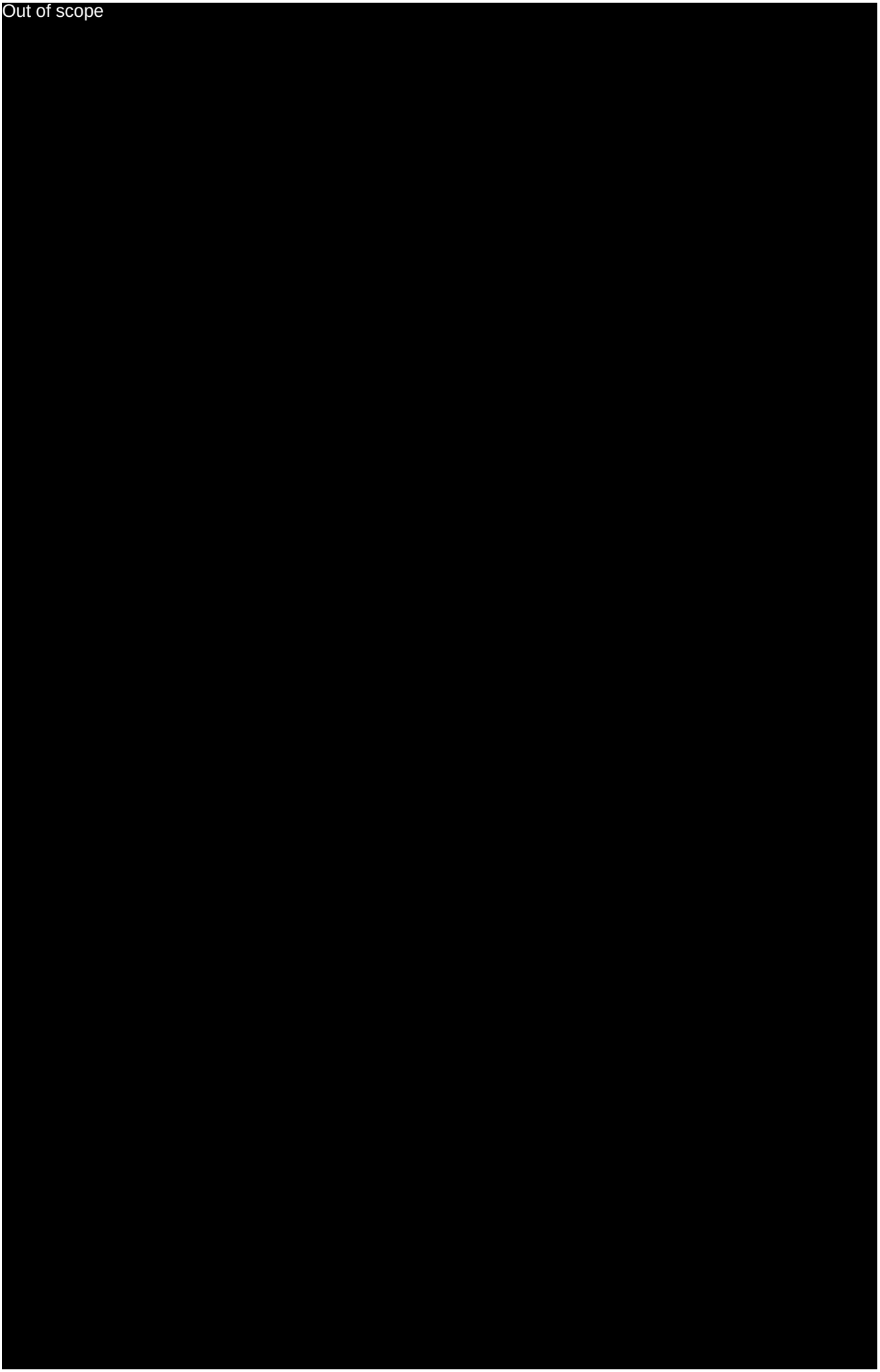

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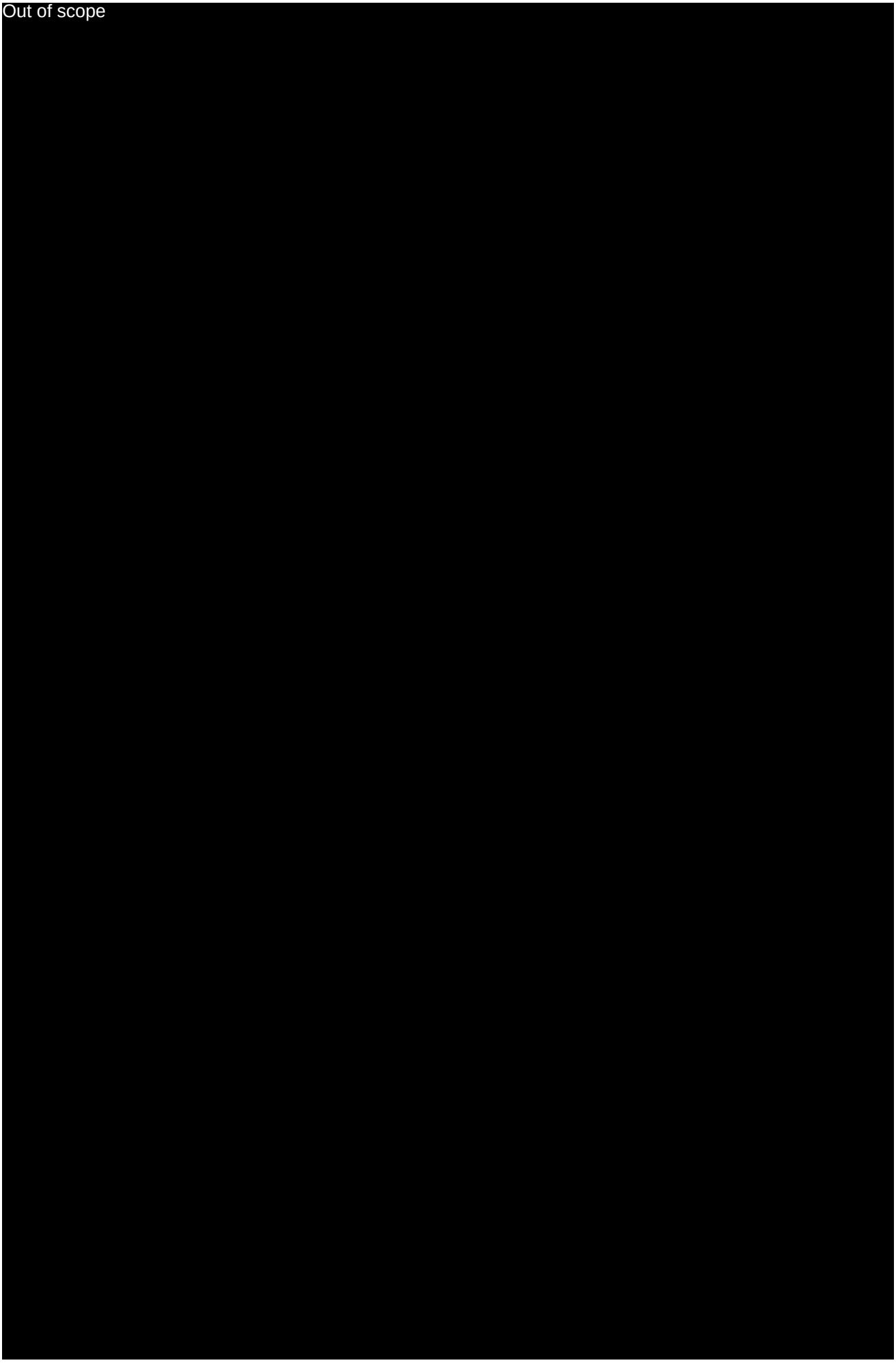

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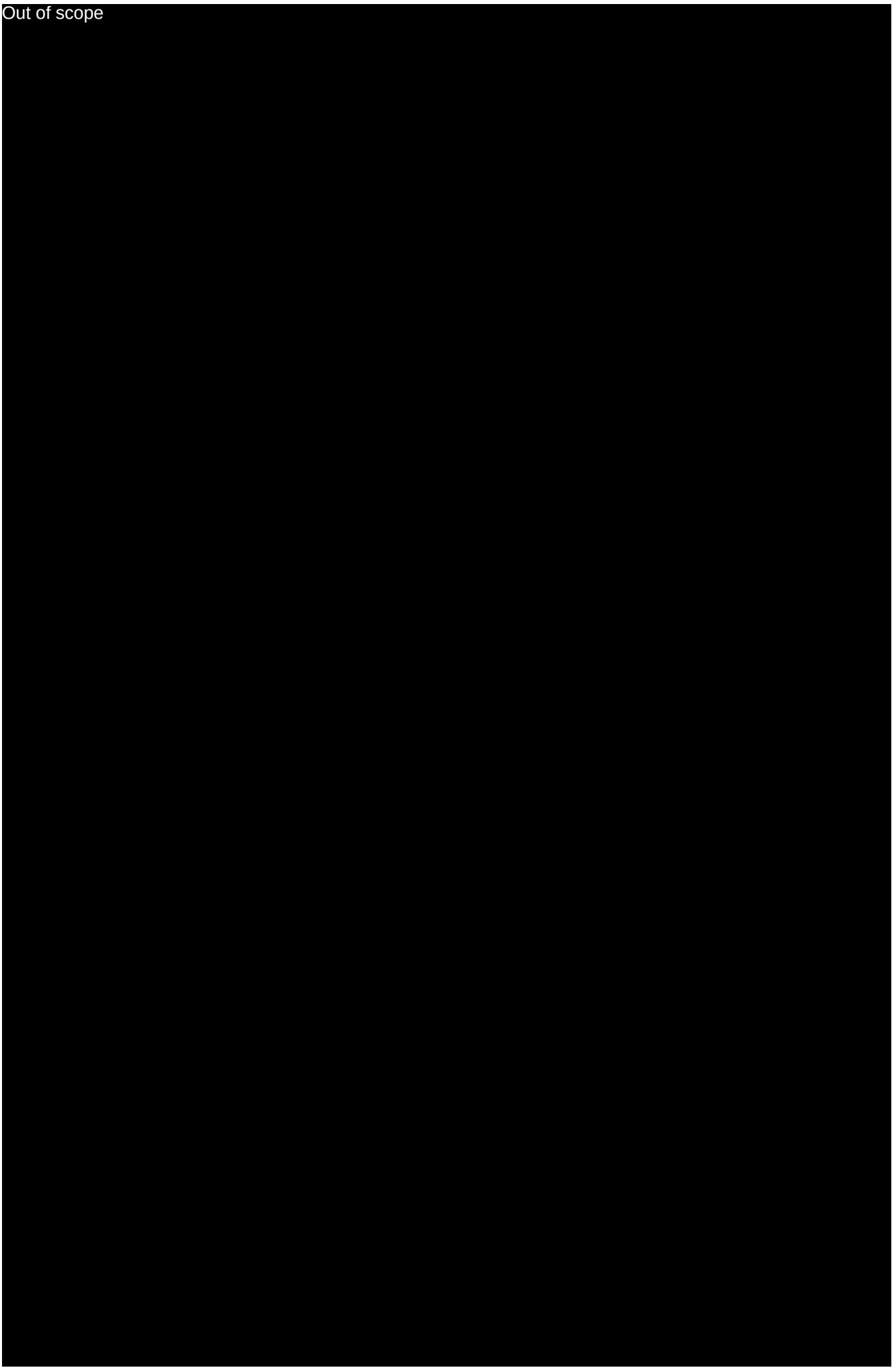

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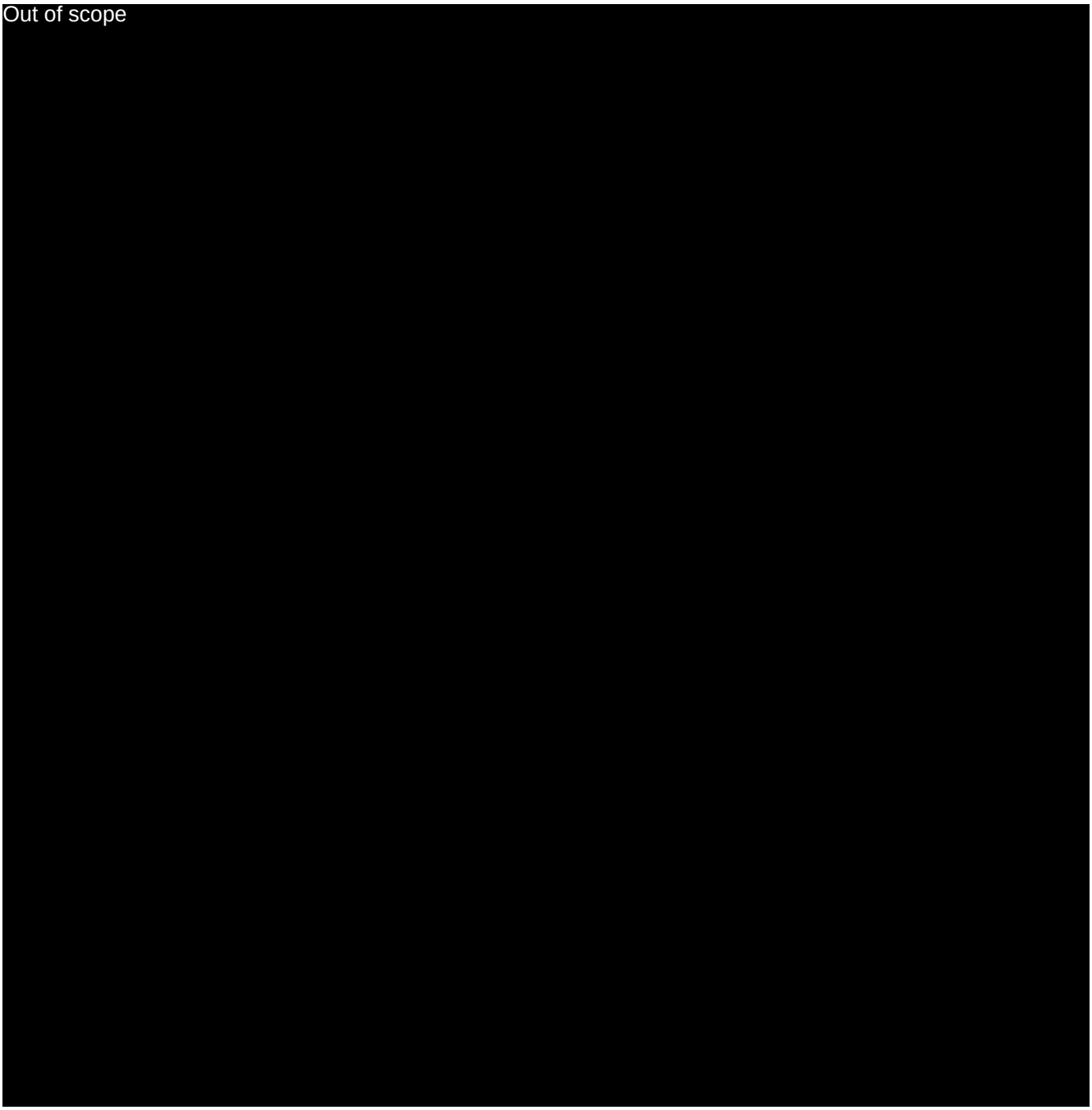

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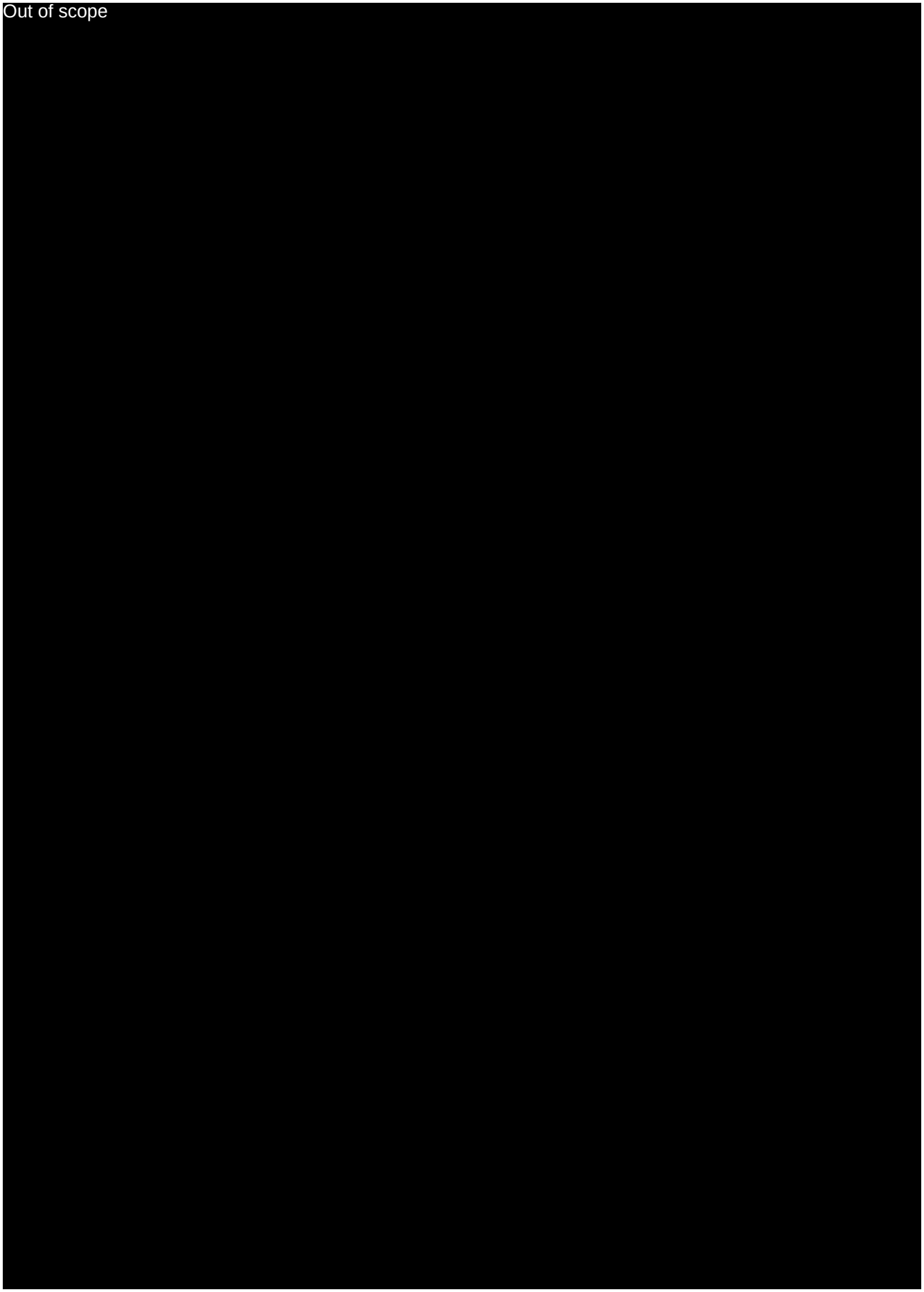

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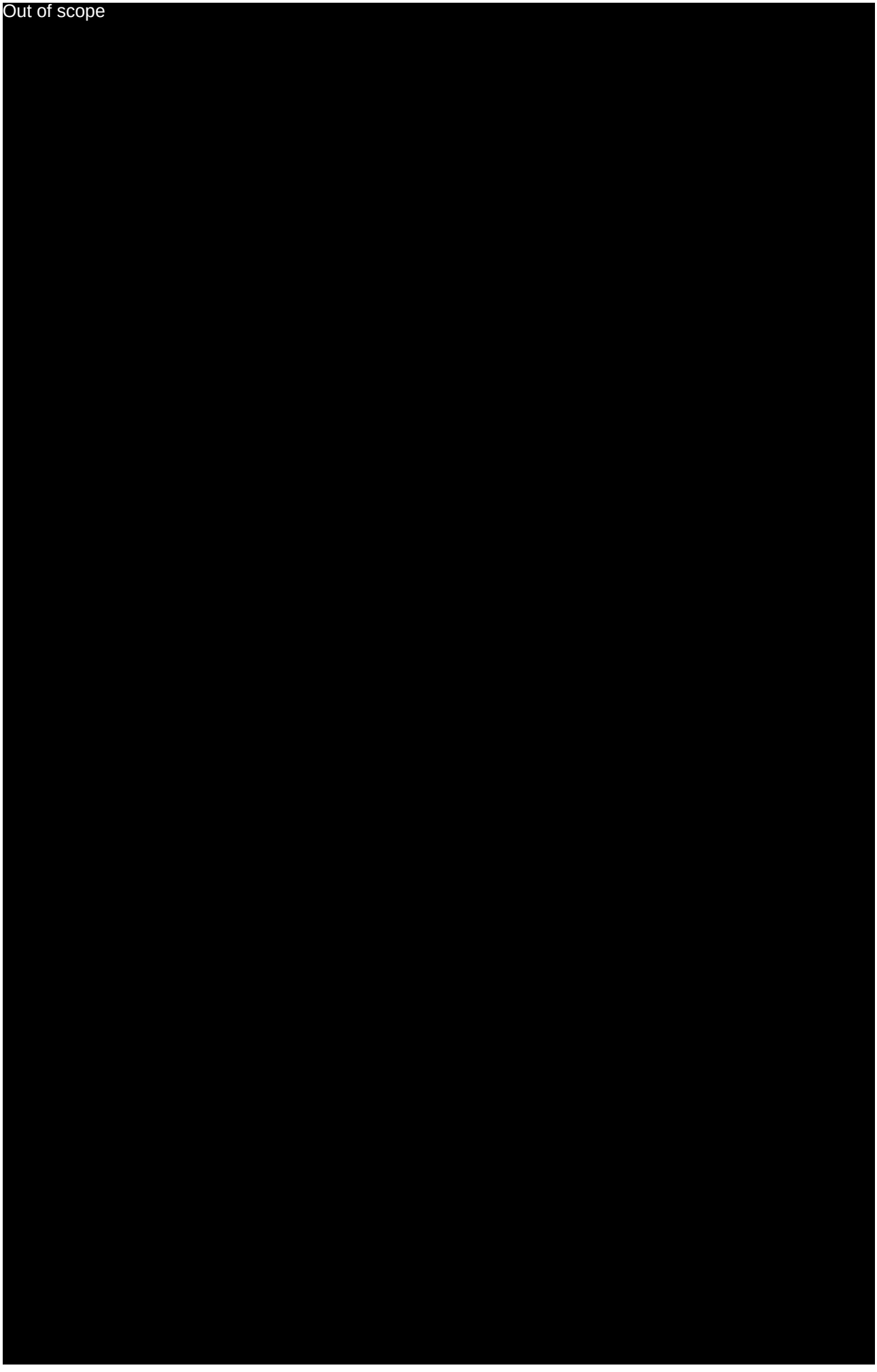
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Government of South Australia
Department for Energy and Mining

Hot Topics – as at 24 October 2019

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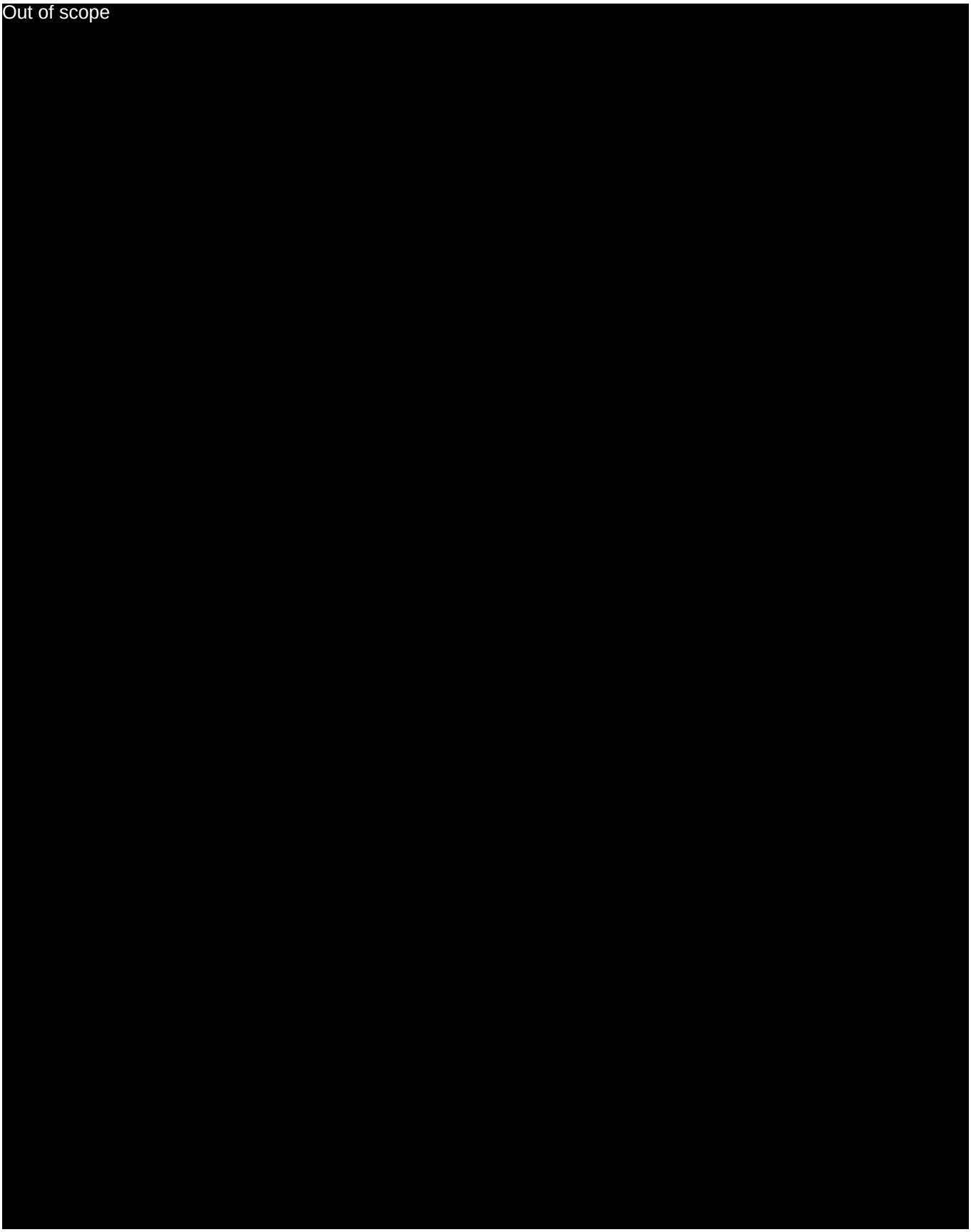

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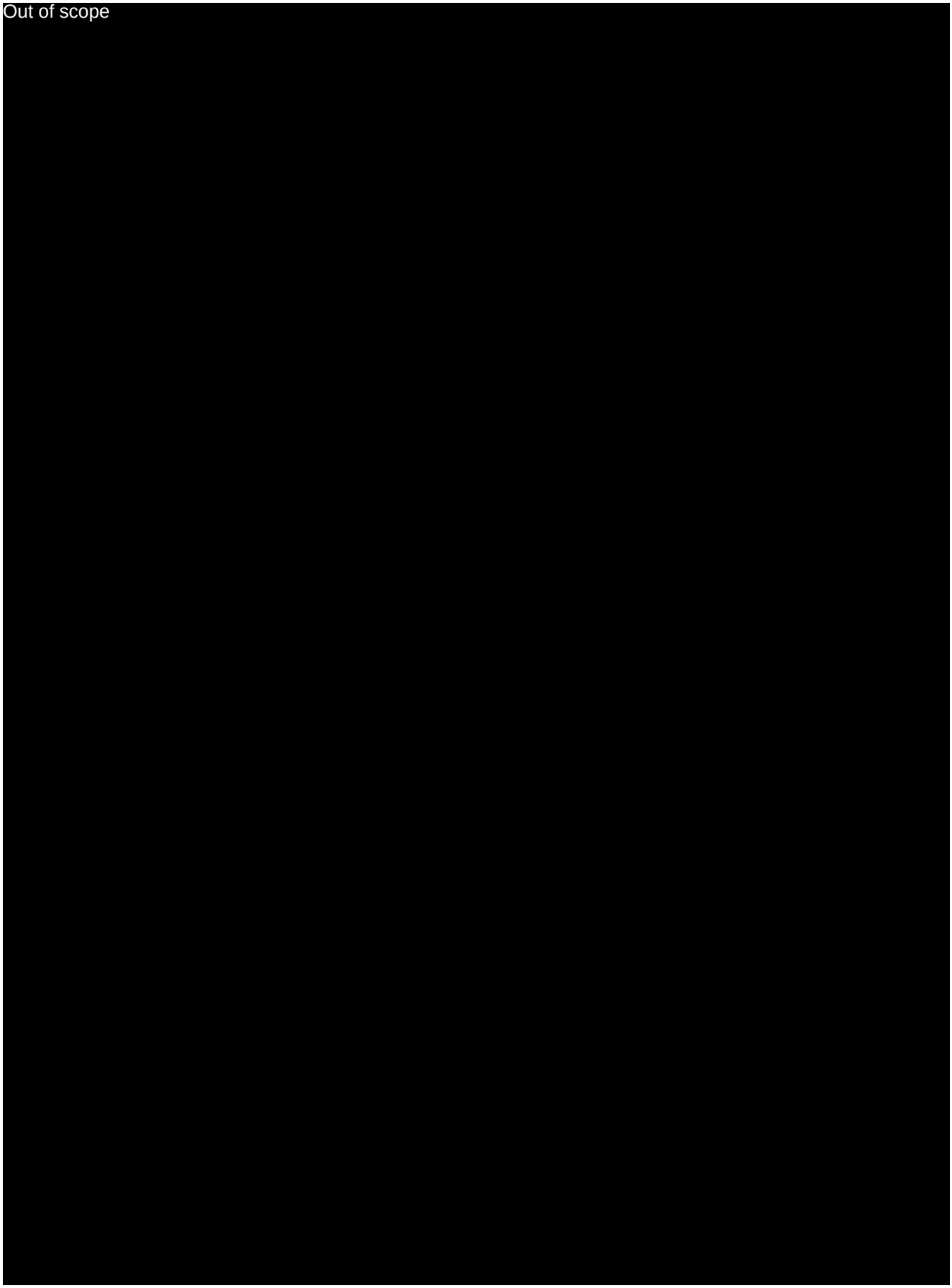

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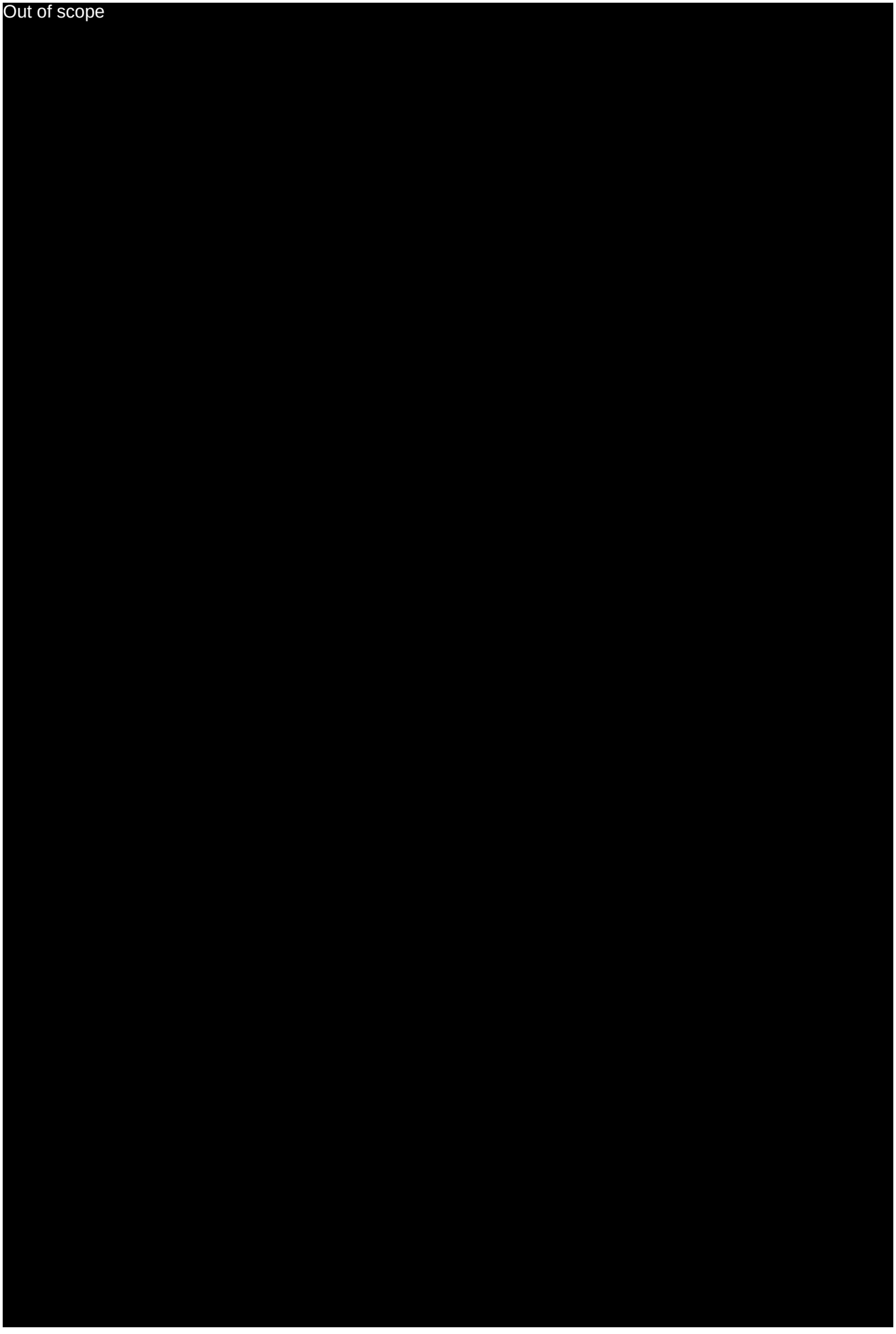

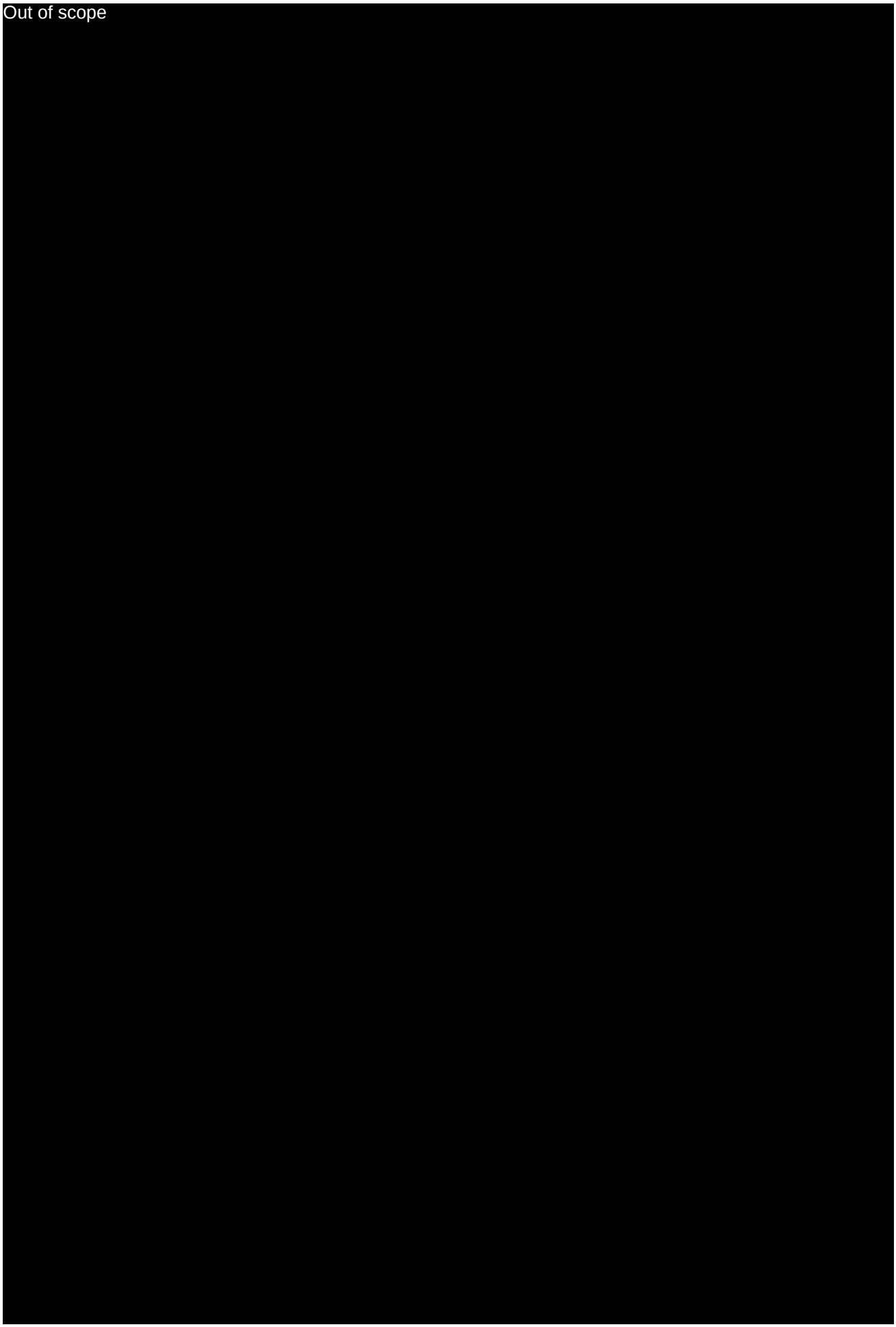
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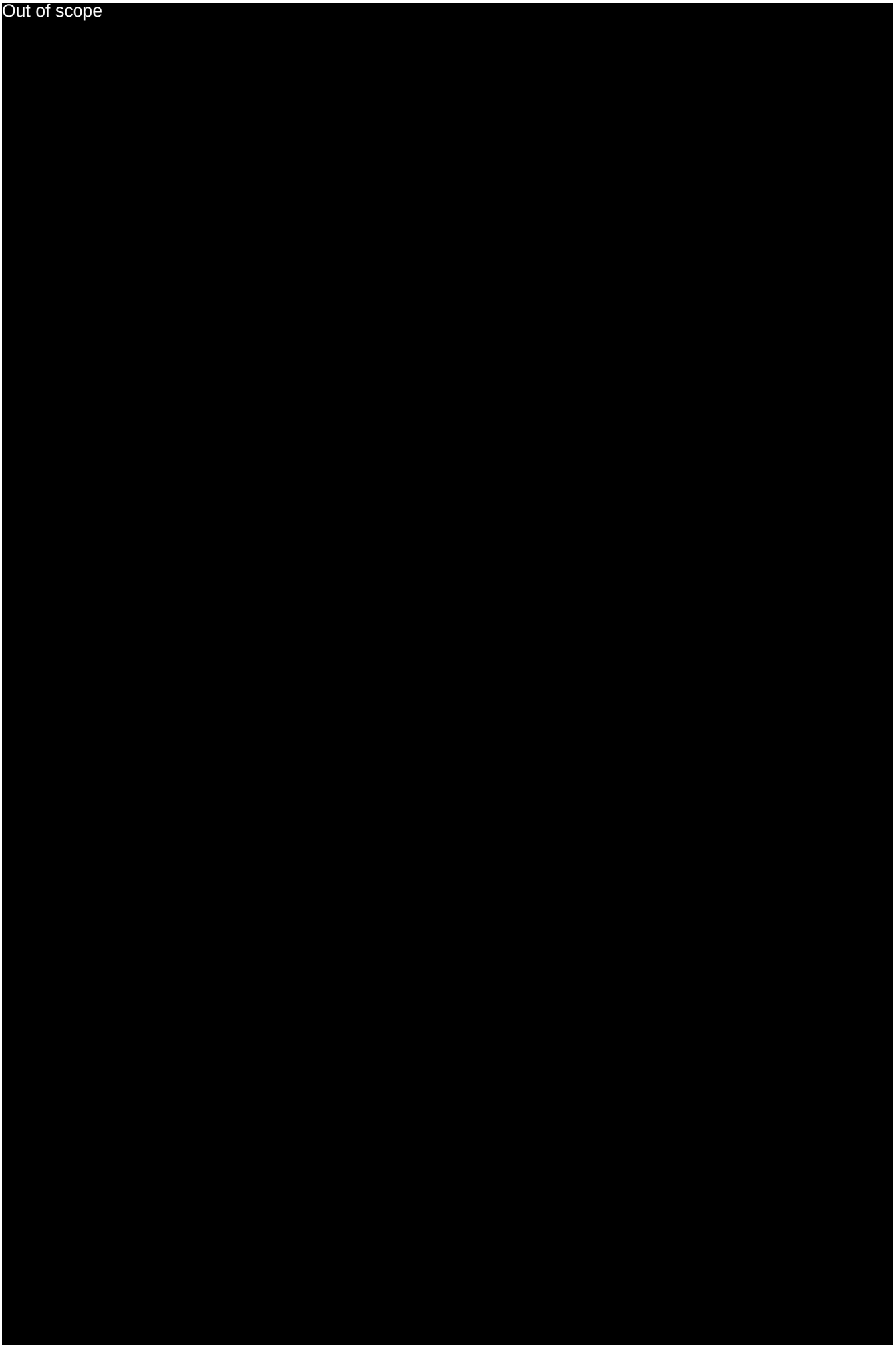
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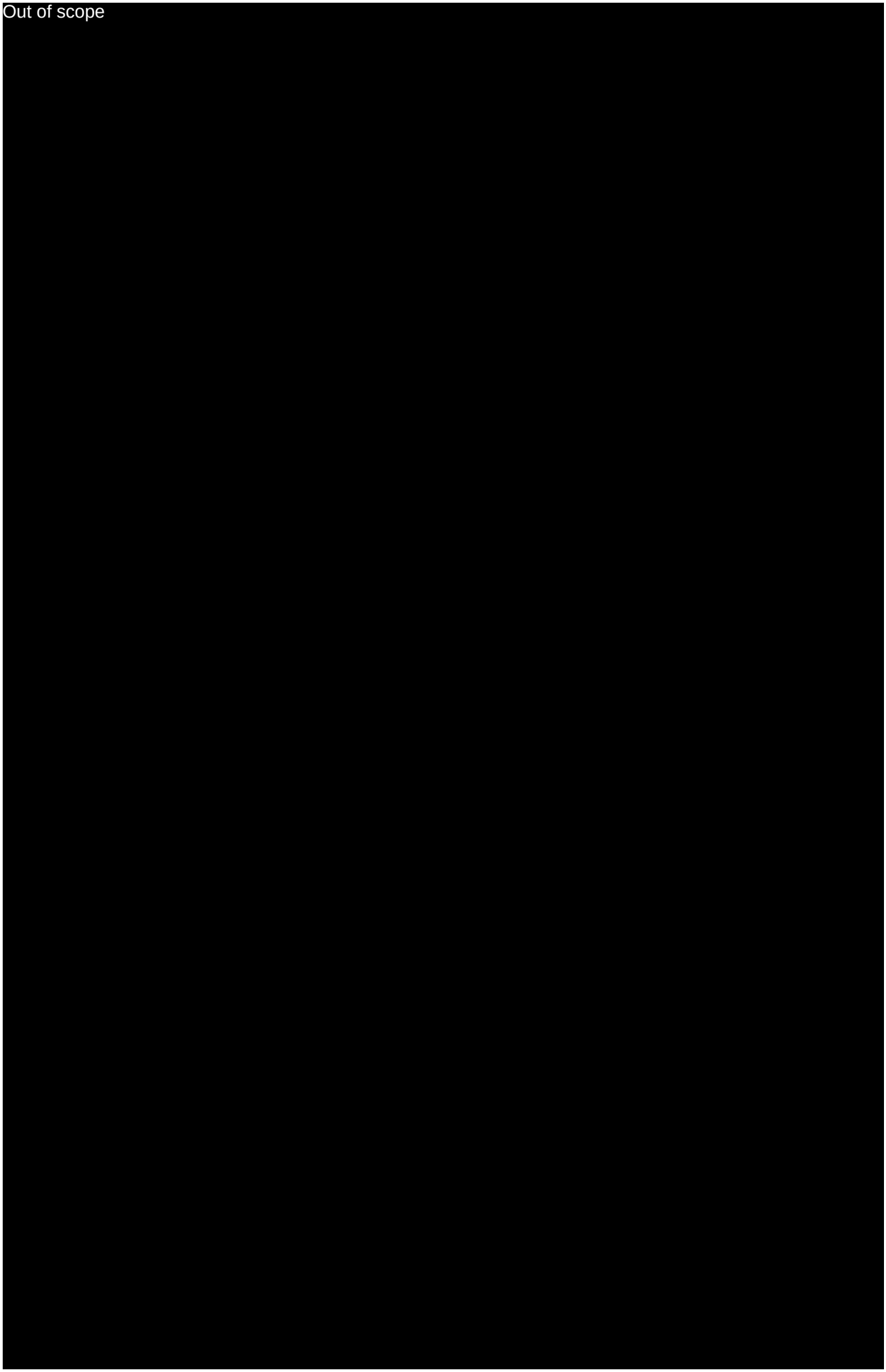

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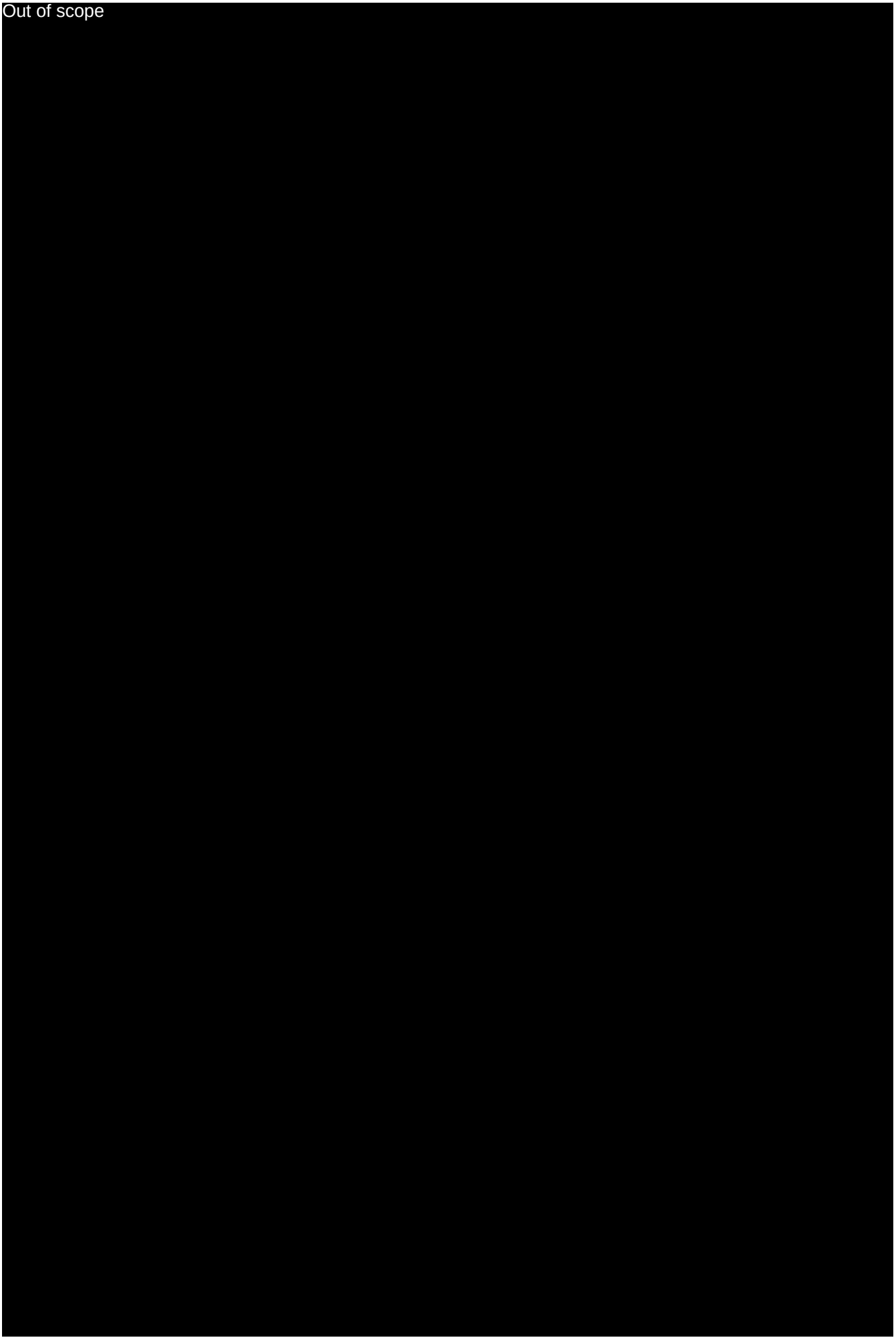

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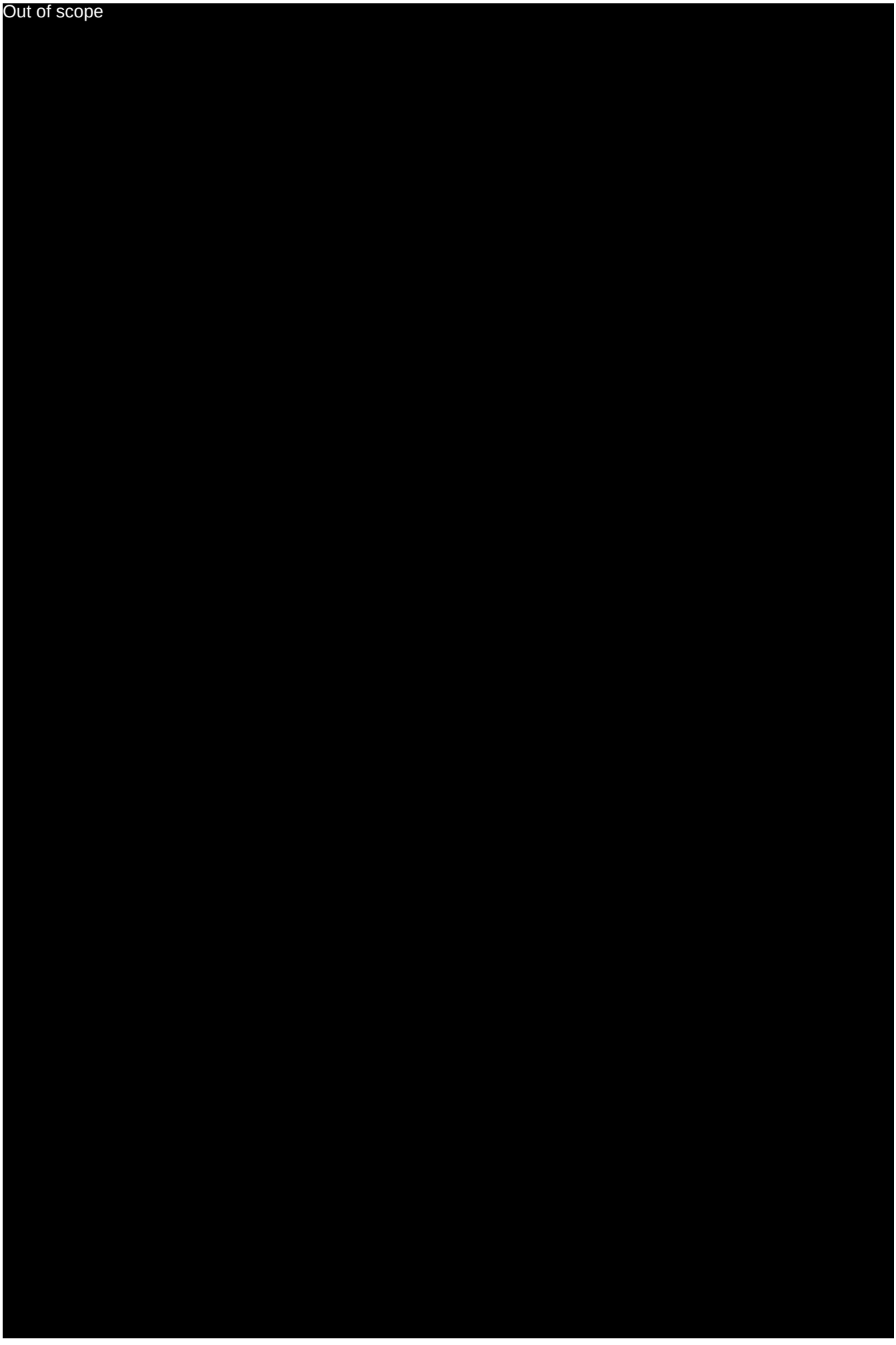
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Government of South Australia
Department for Energy and Mining

Hot Topics – as at 31 October 2019

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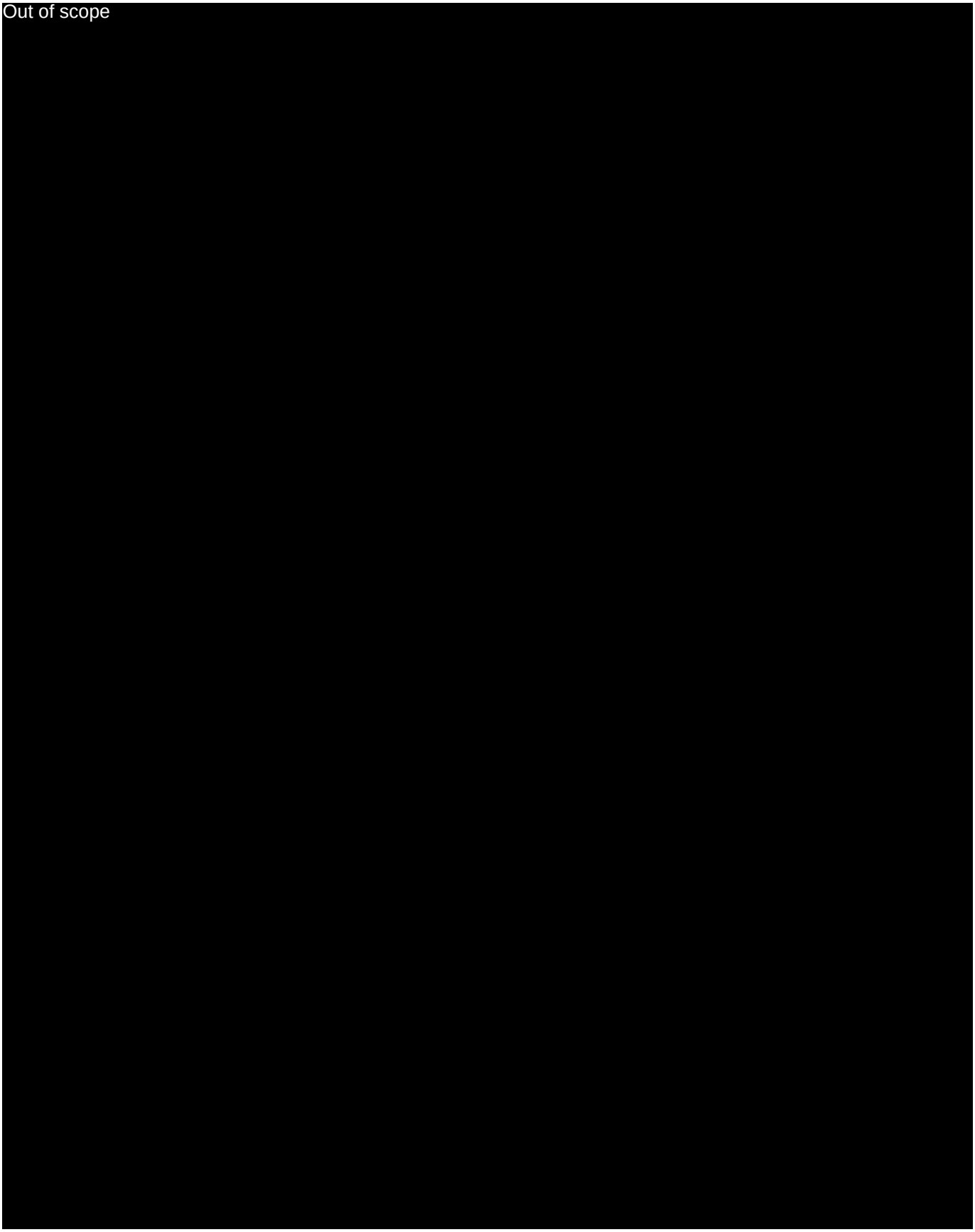

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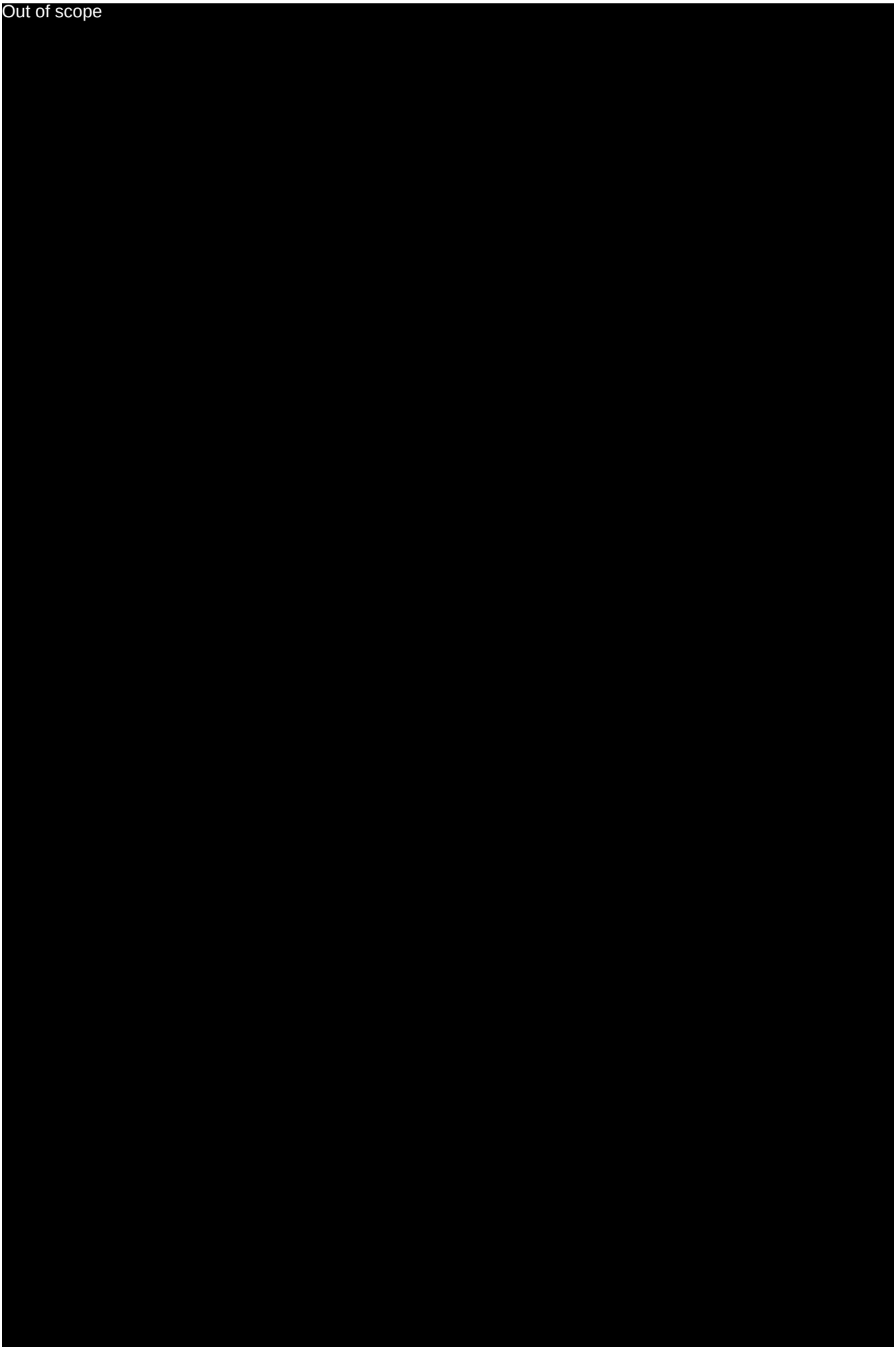

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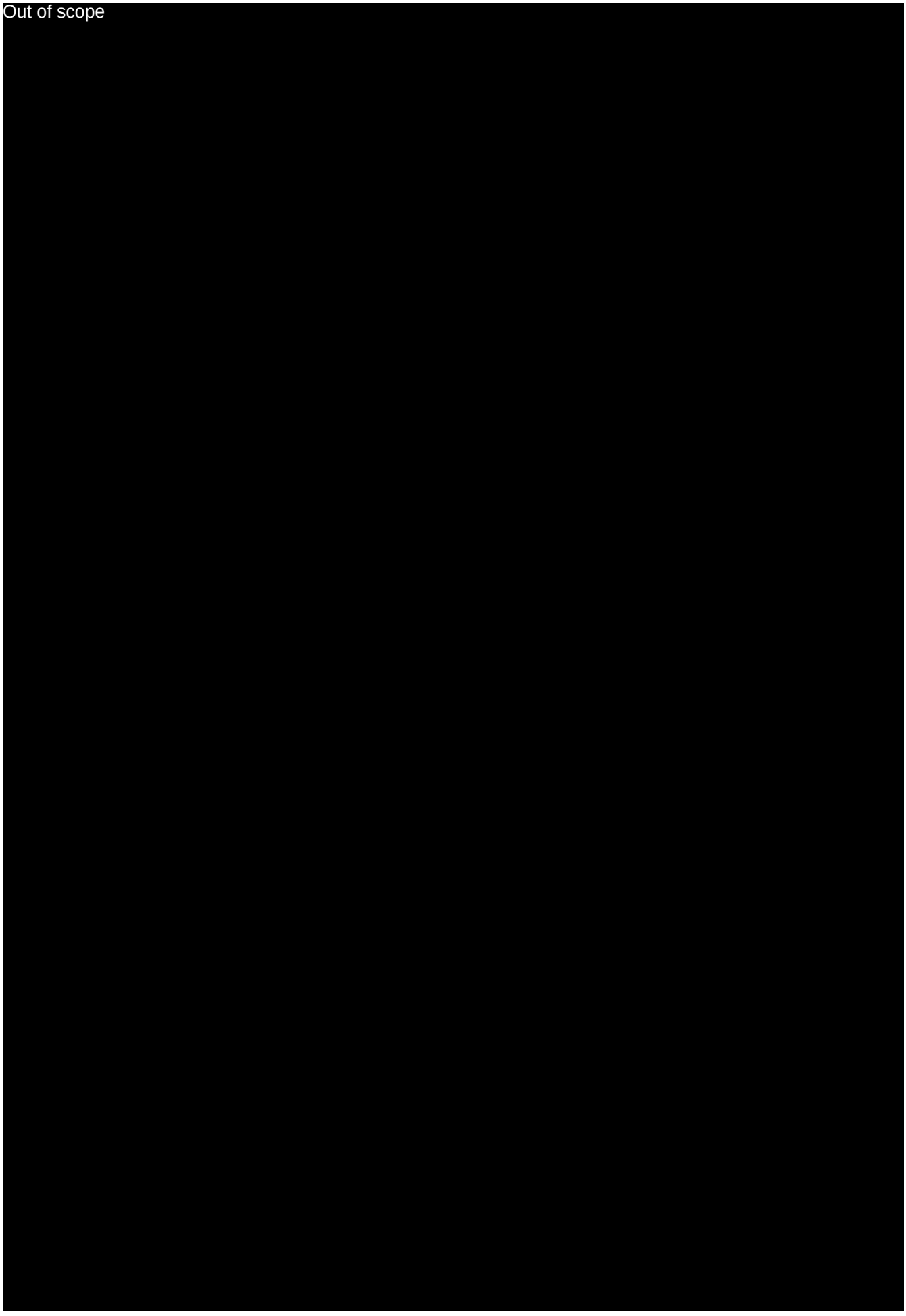
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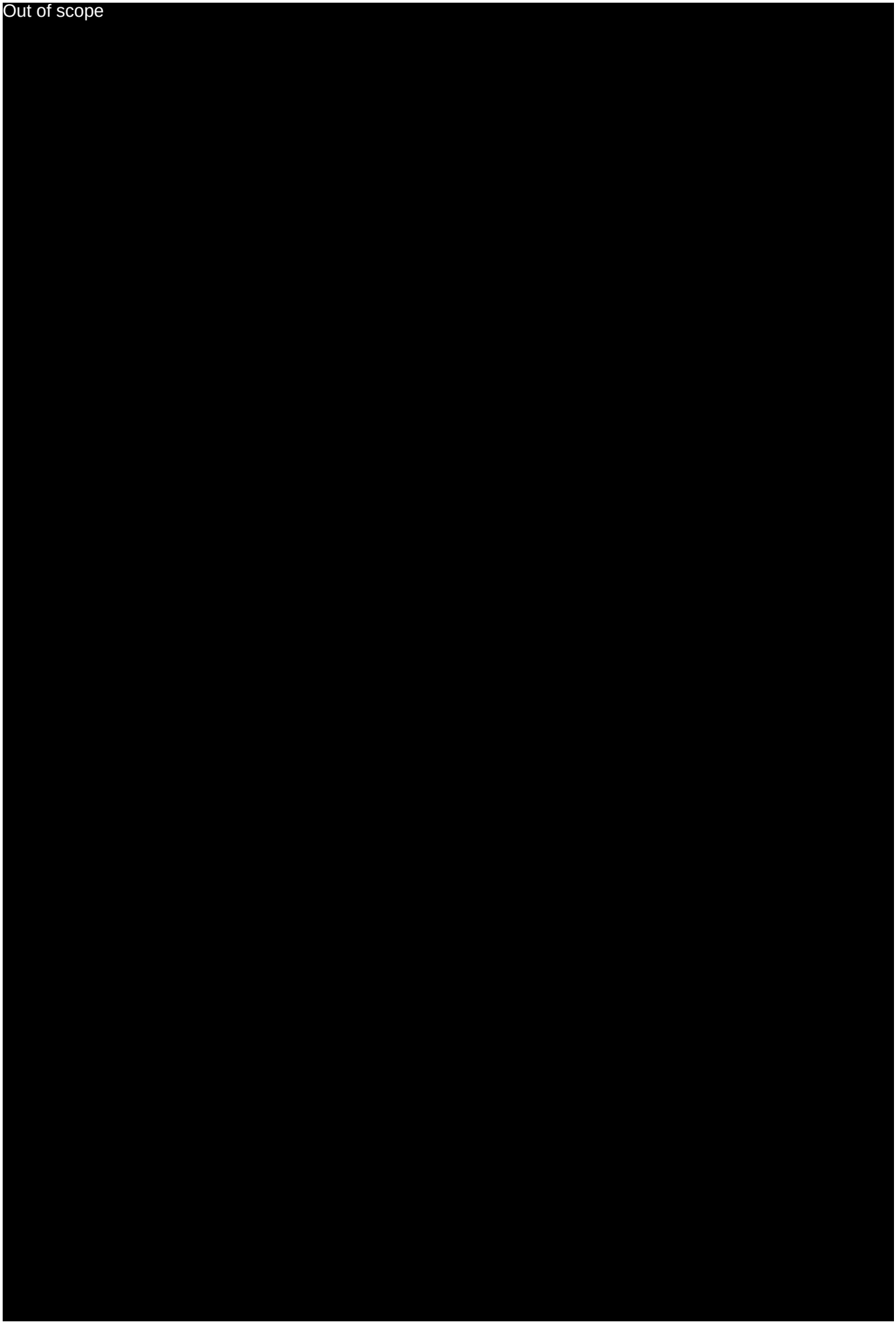
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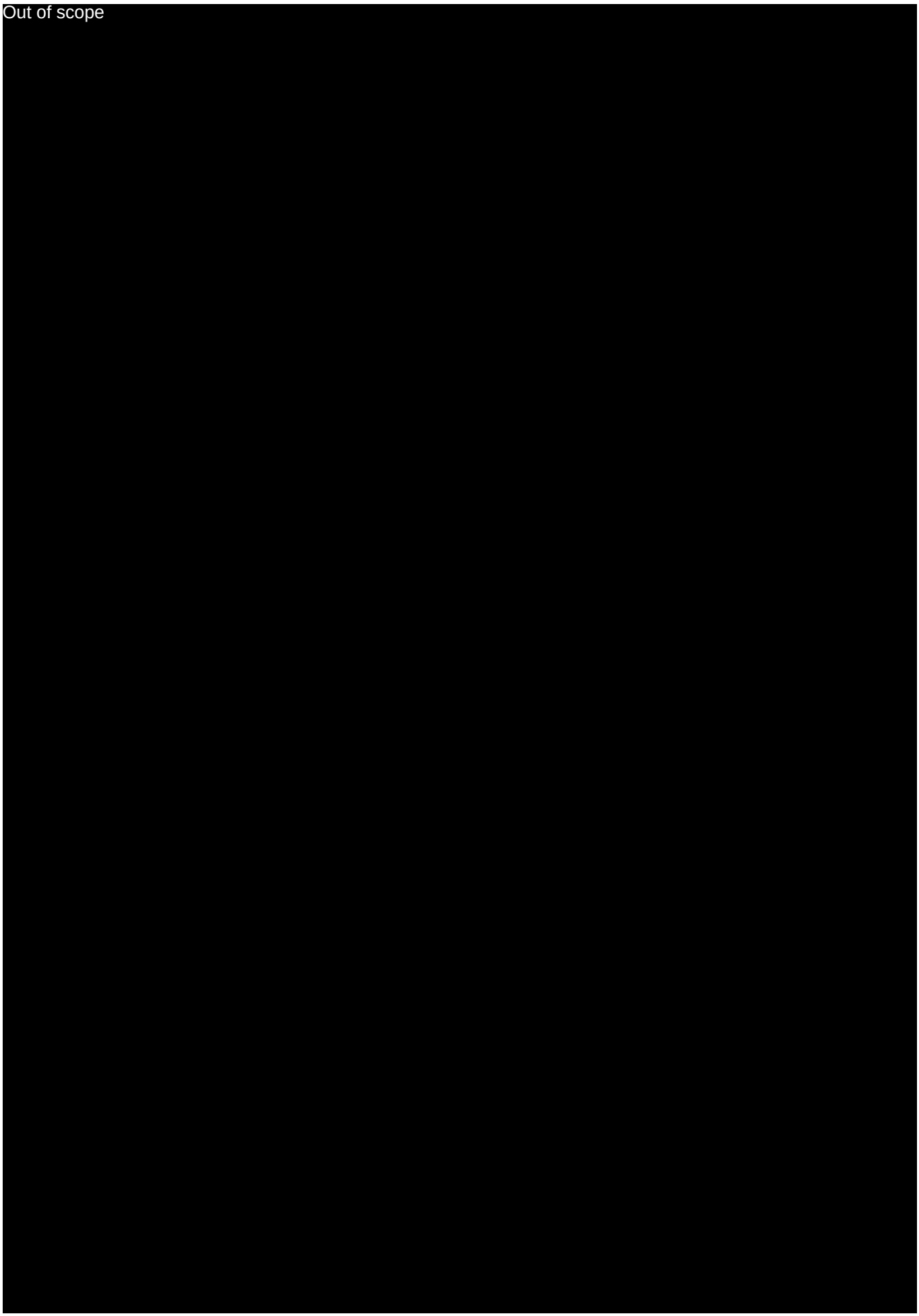
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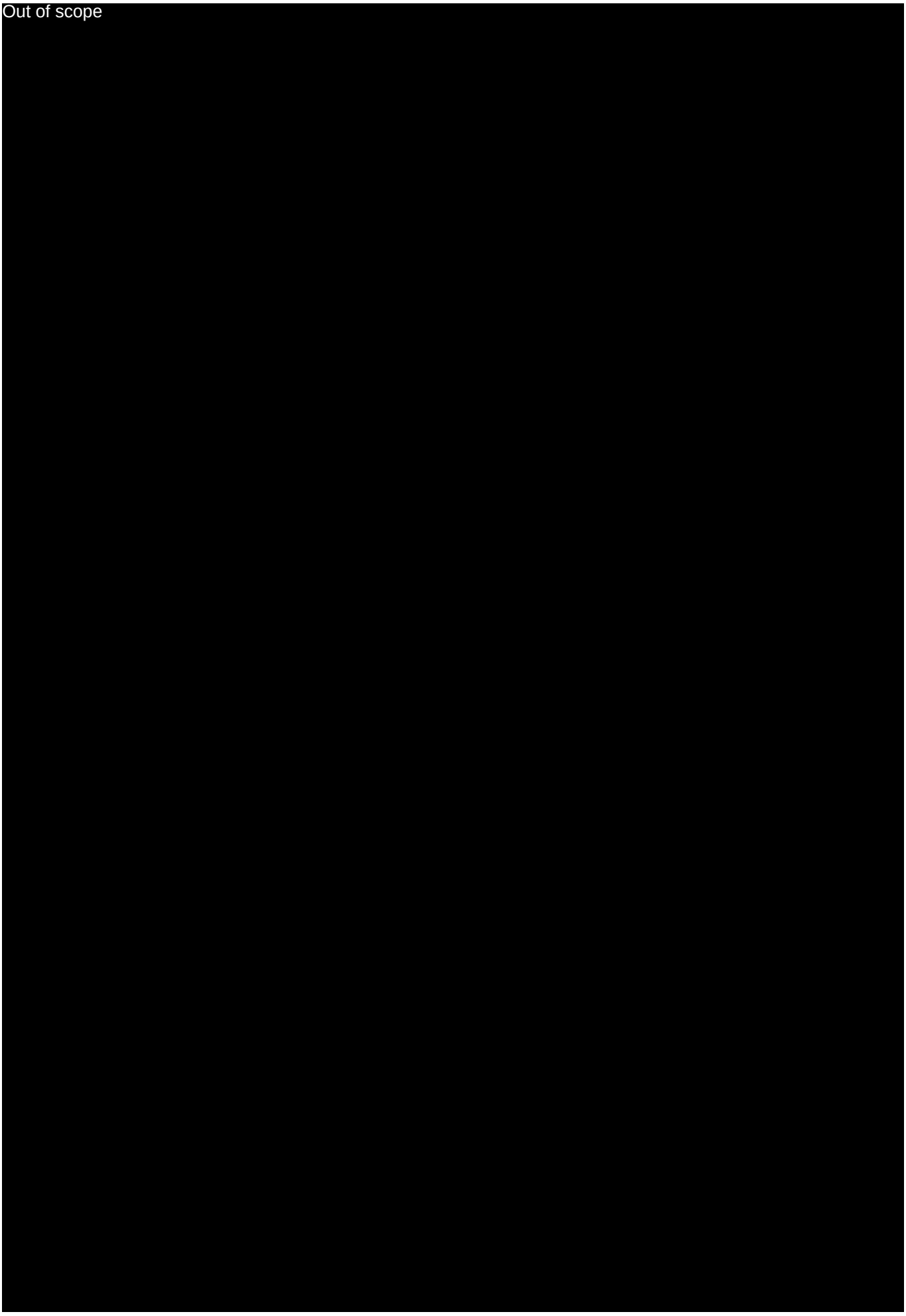

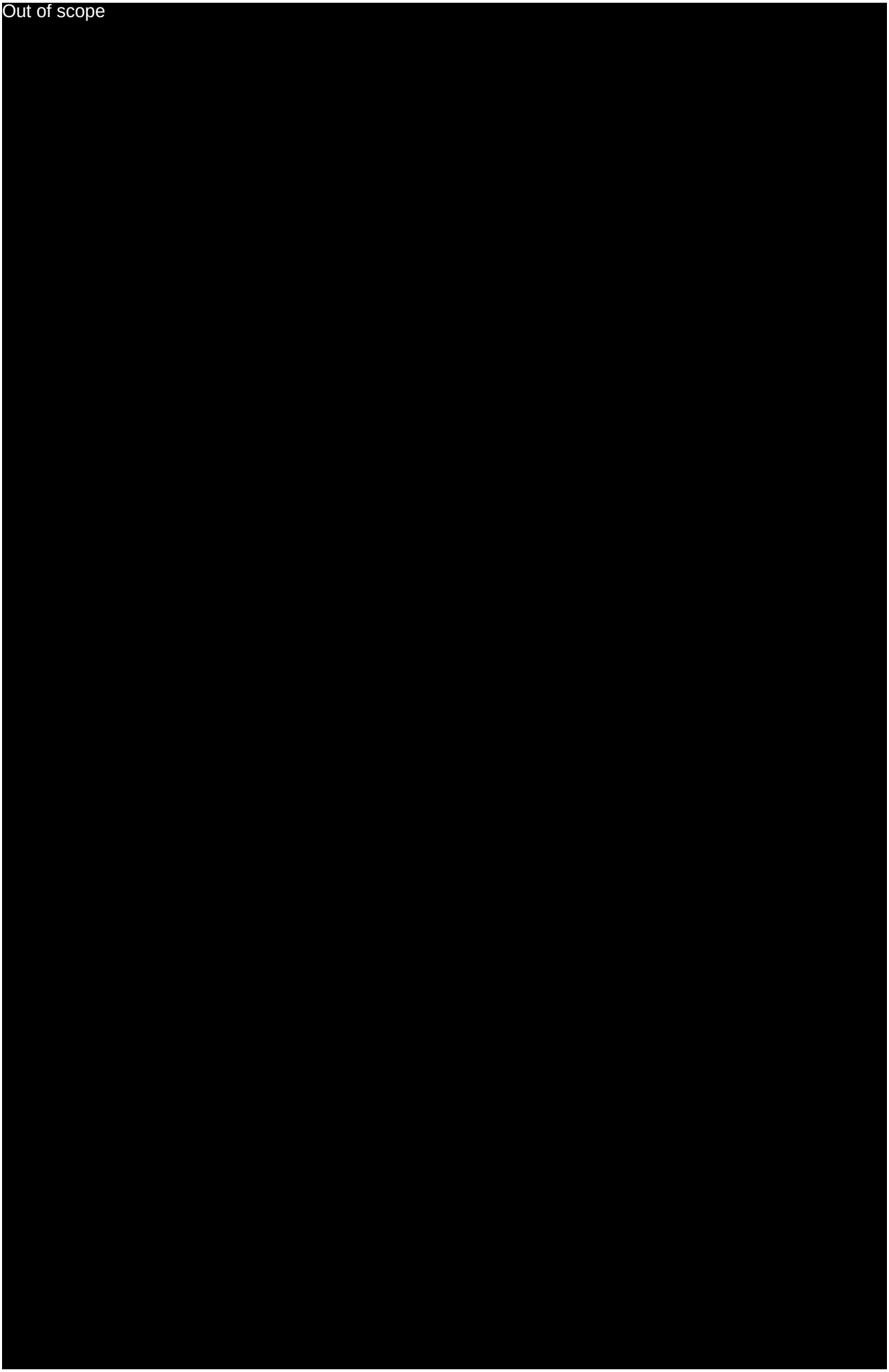
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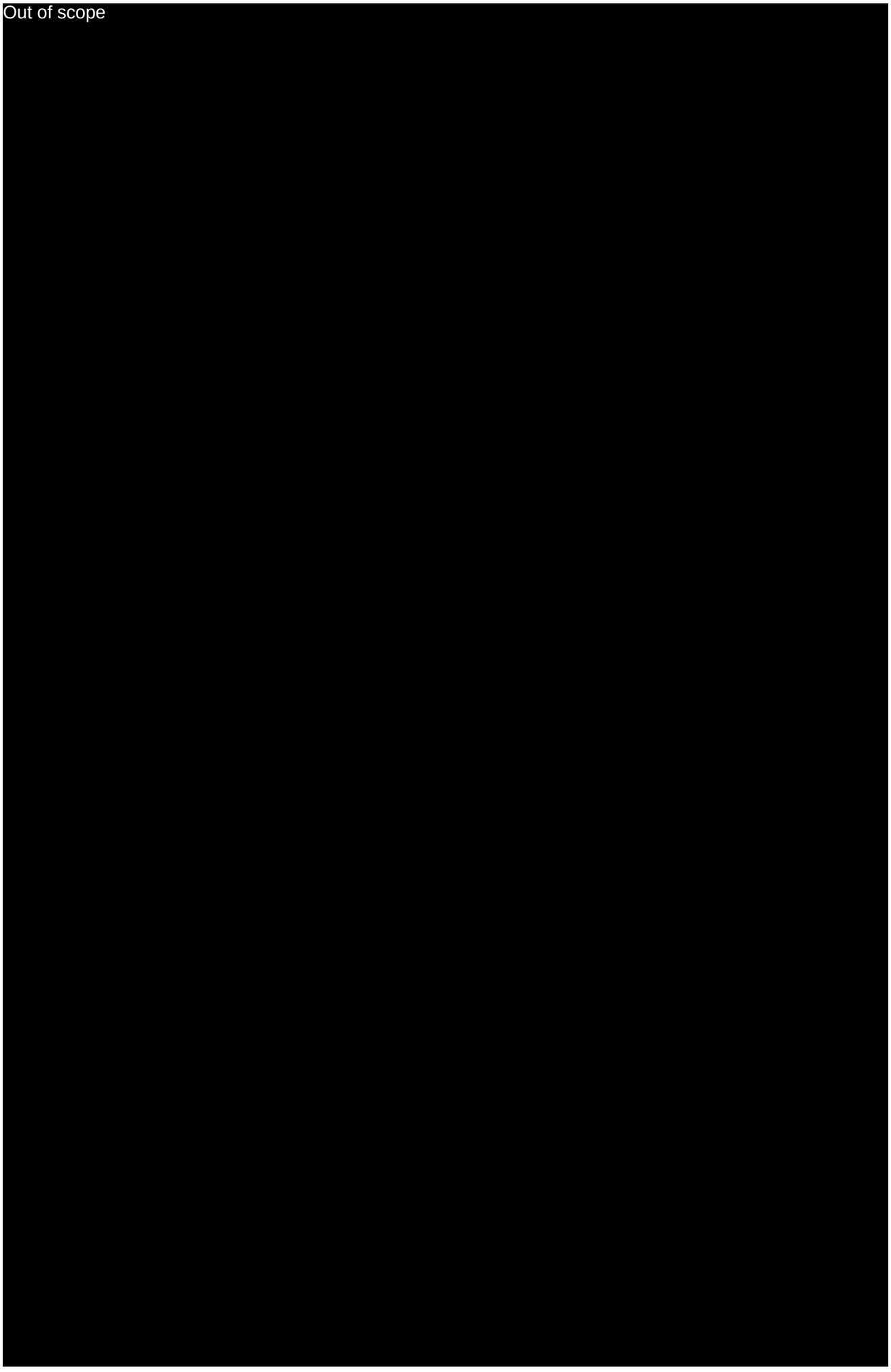

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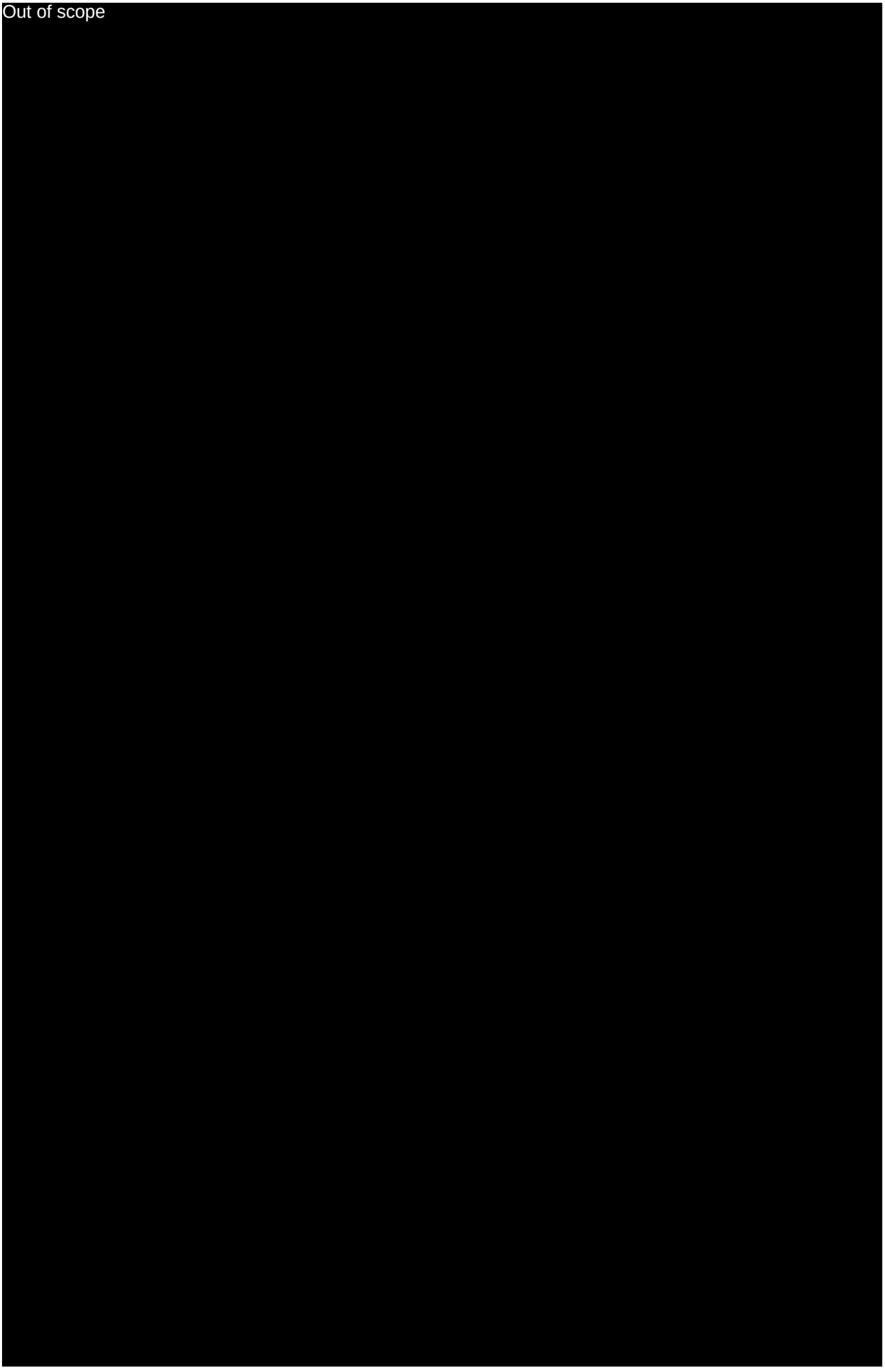

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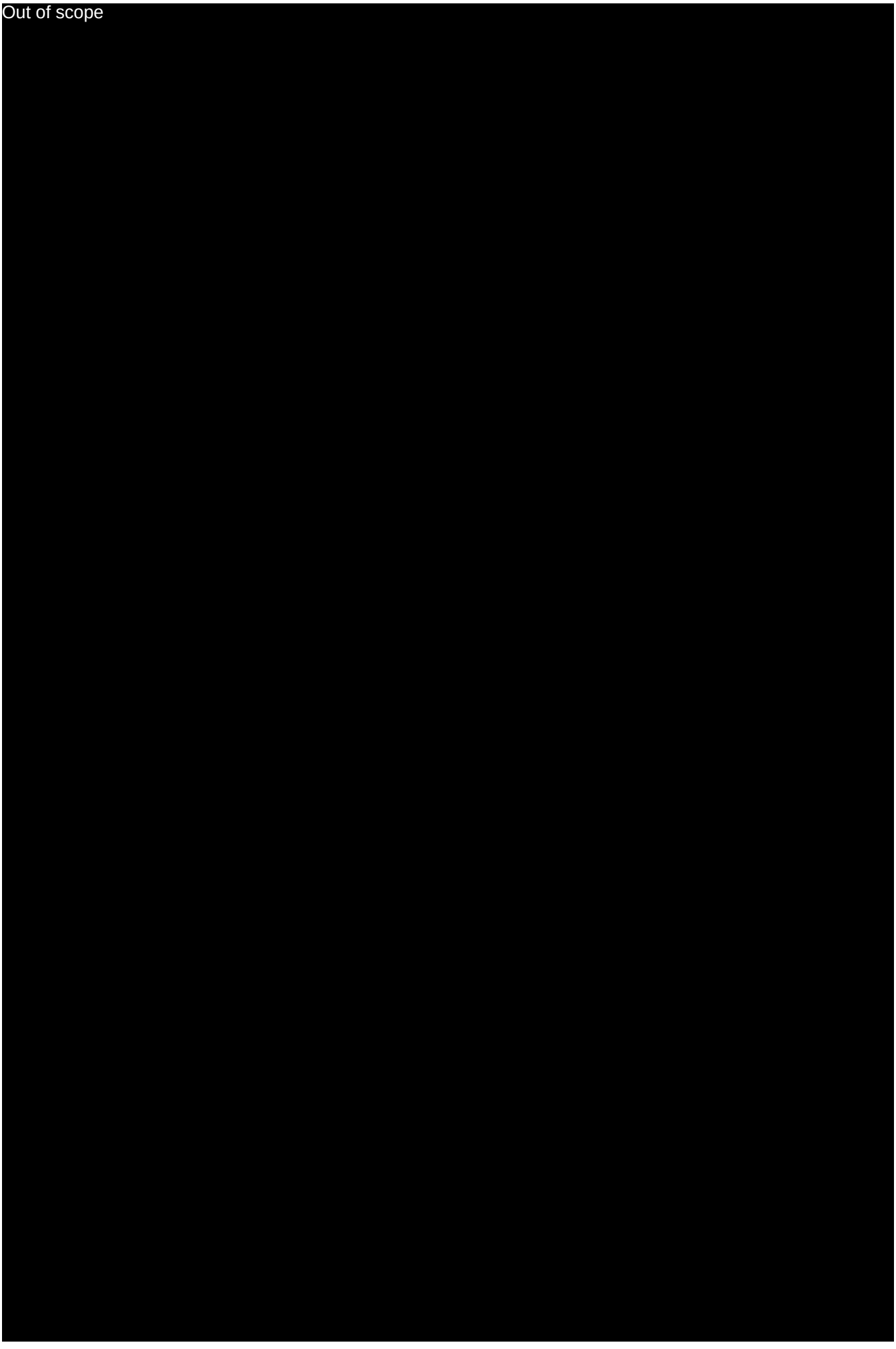
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Department for Energy and Mining

Hot Topics – as at 7 November 2019

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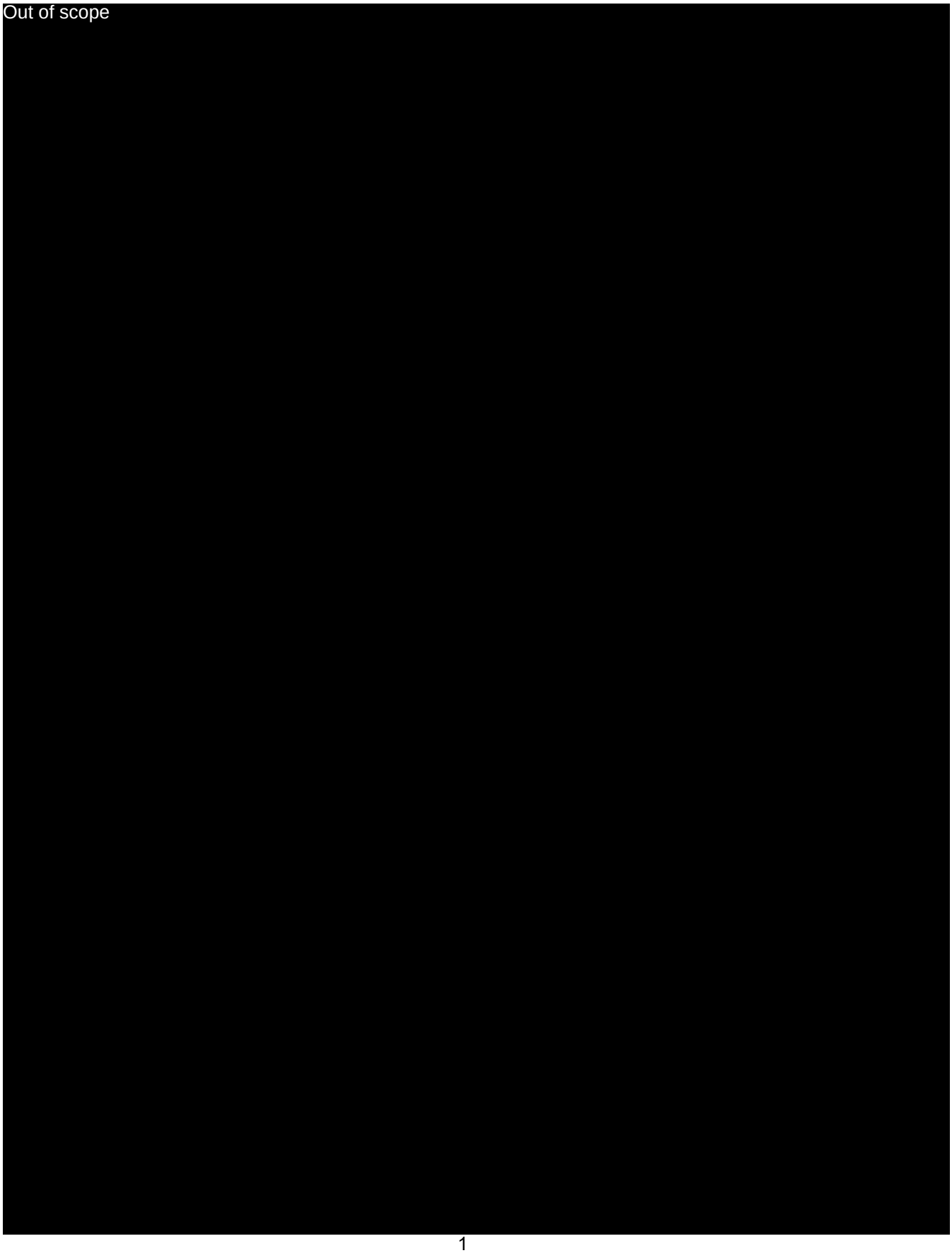

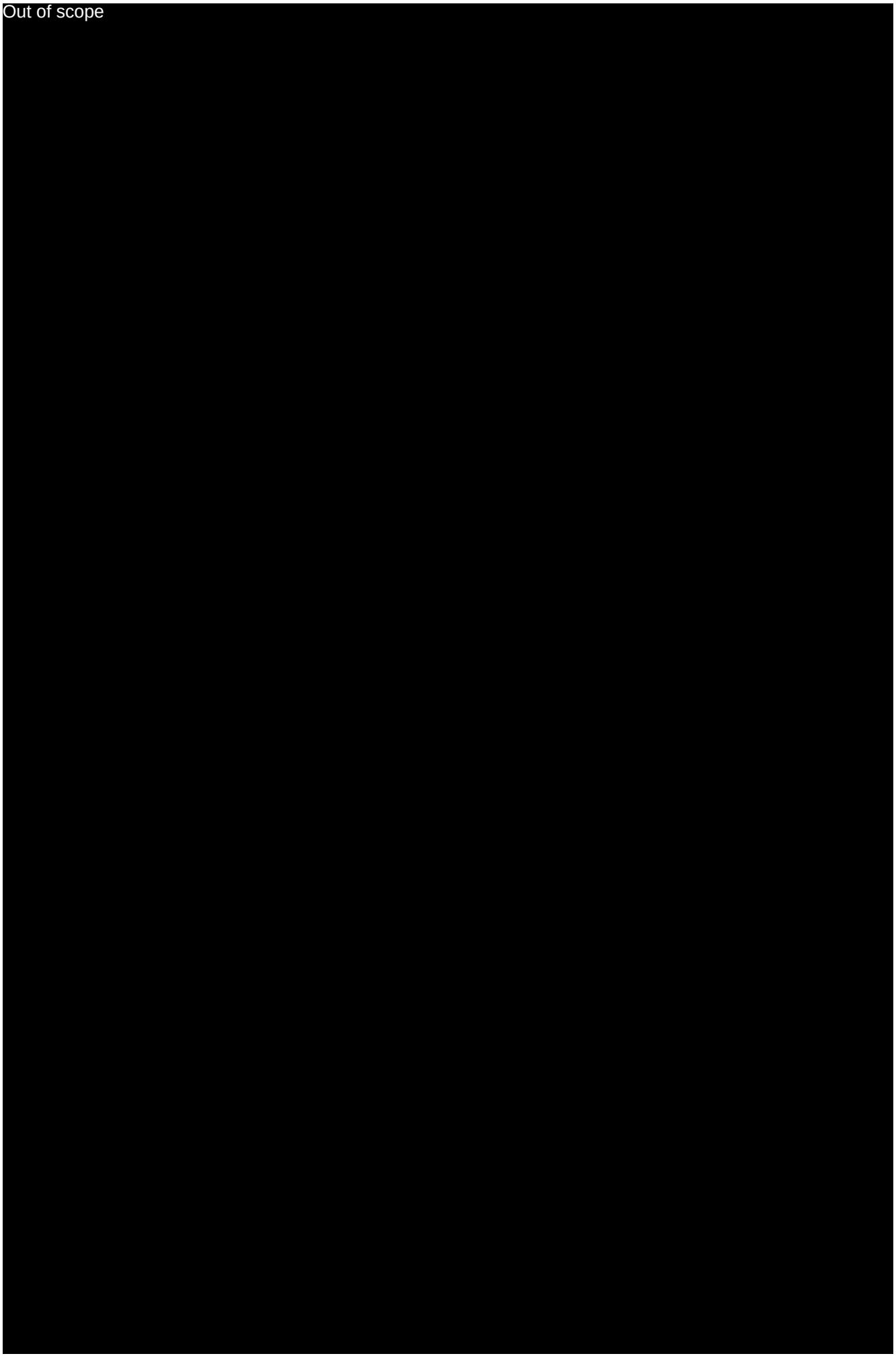
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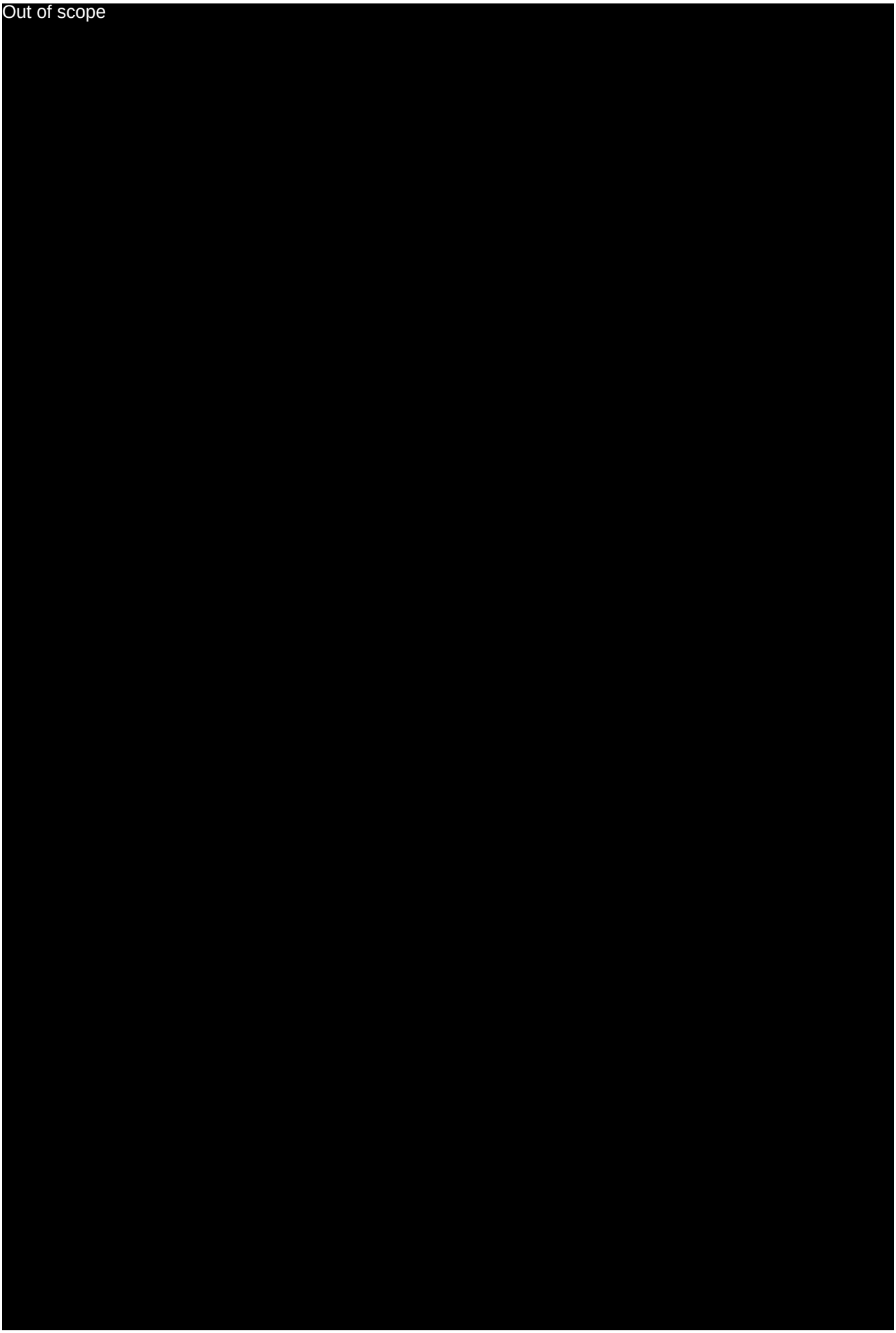
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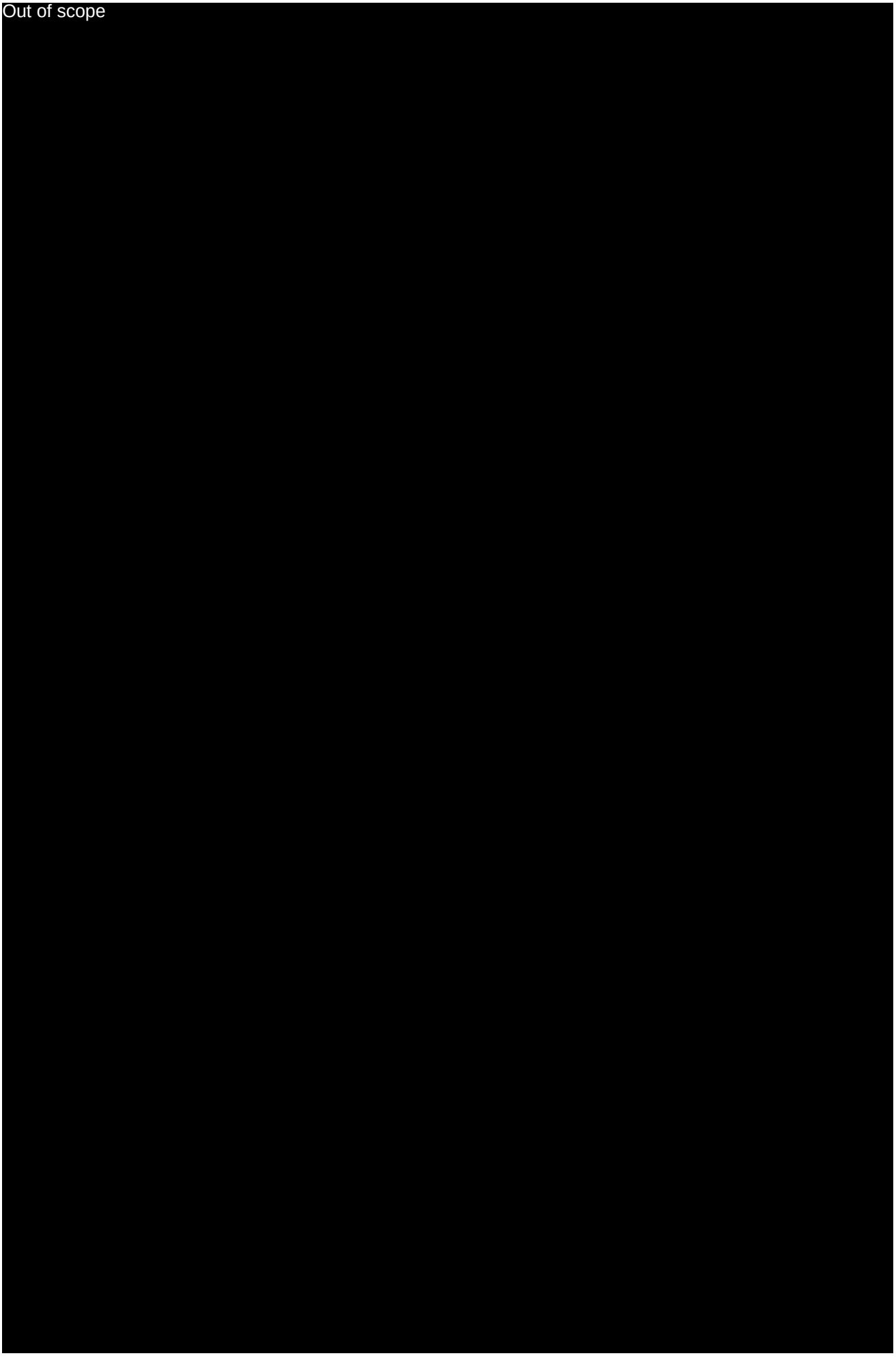
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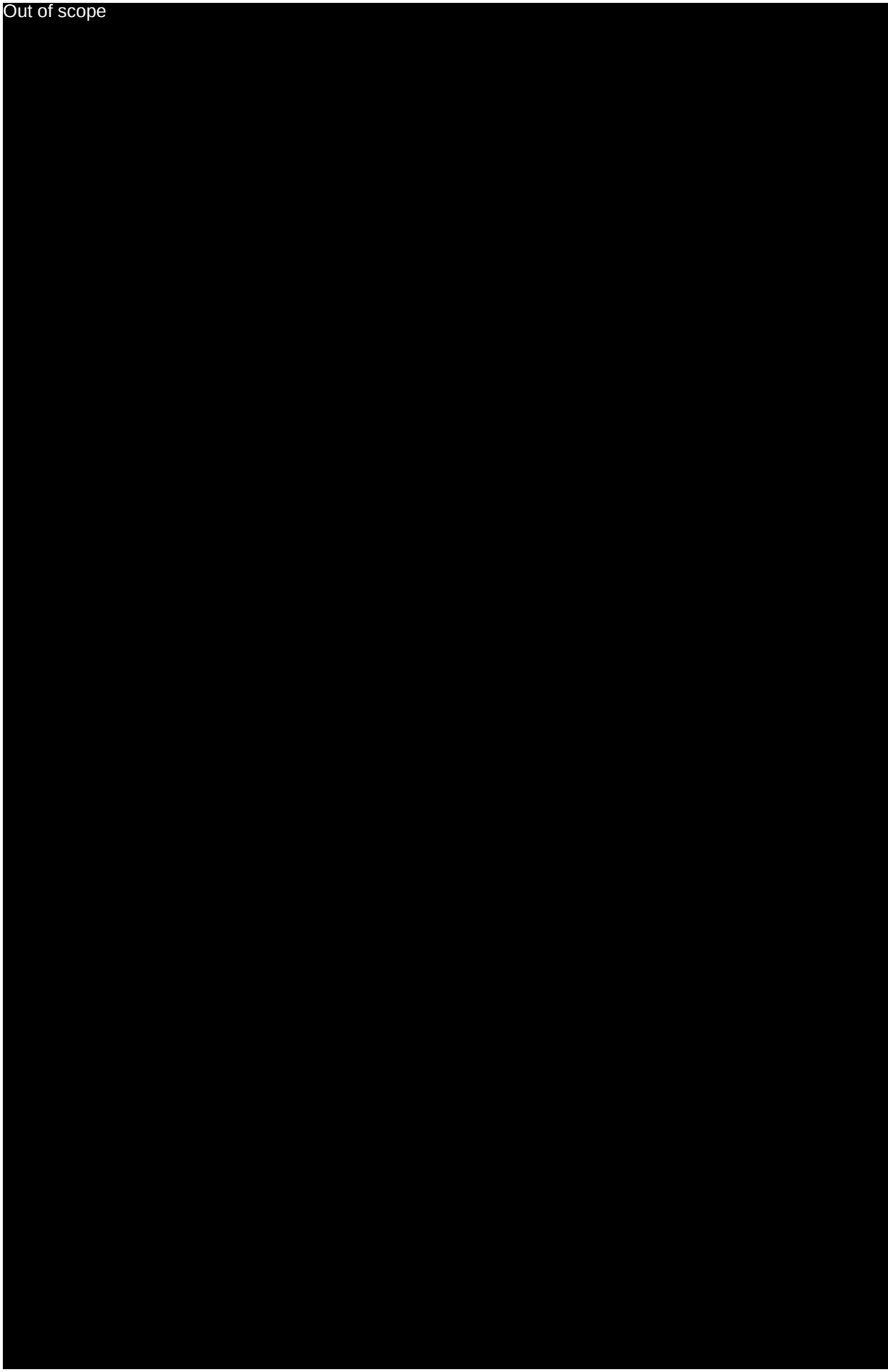
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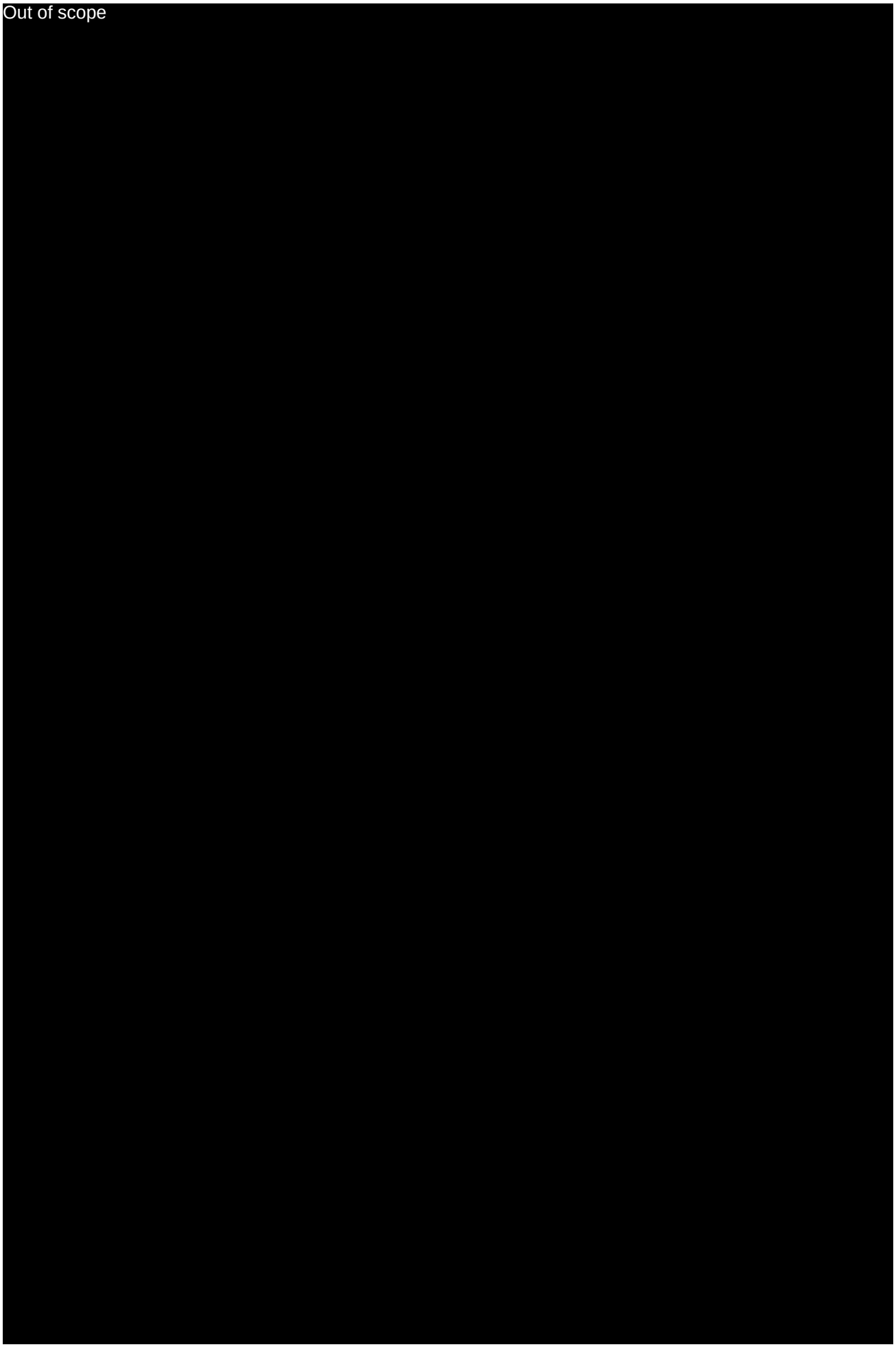
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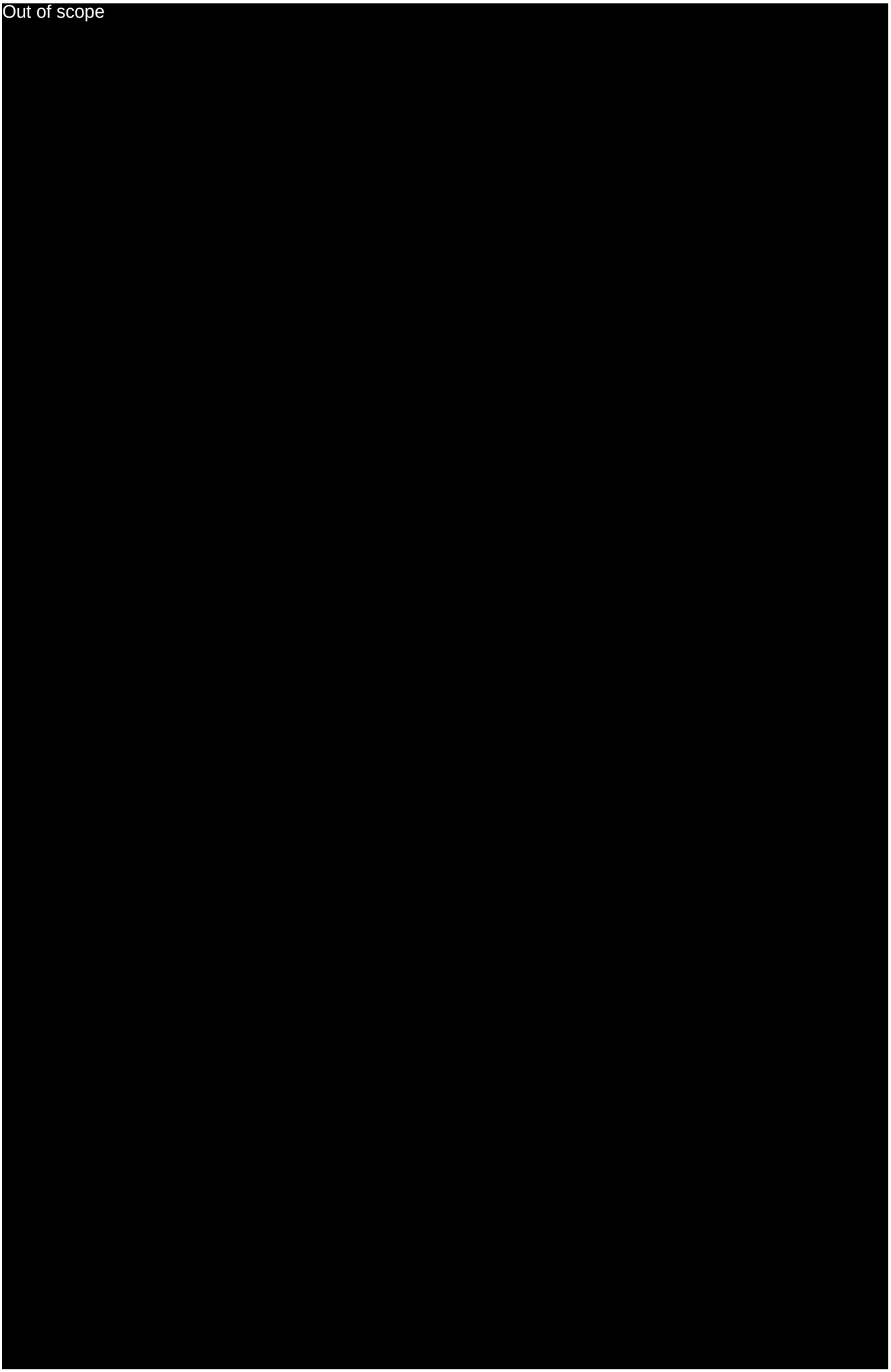

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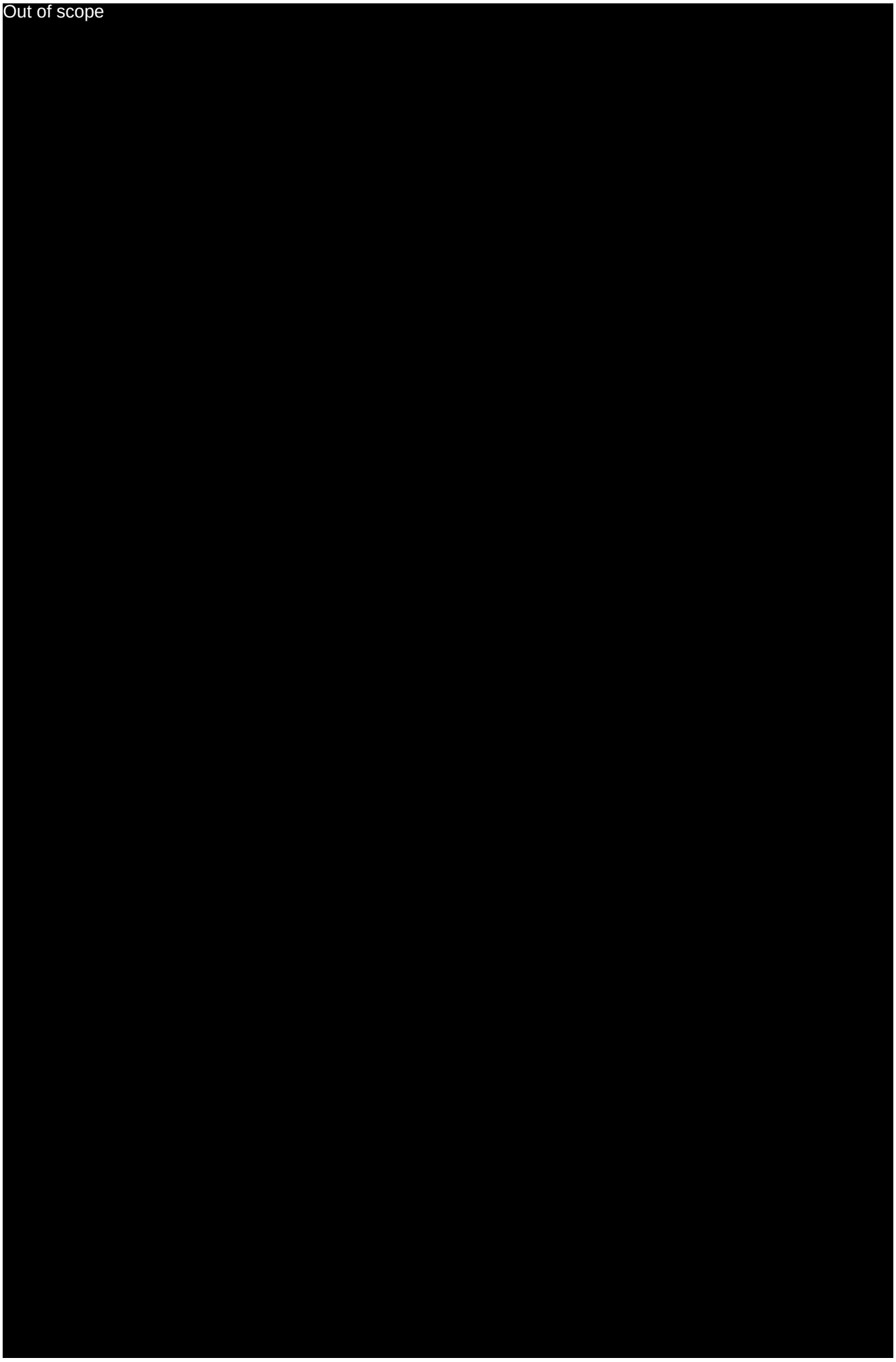

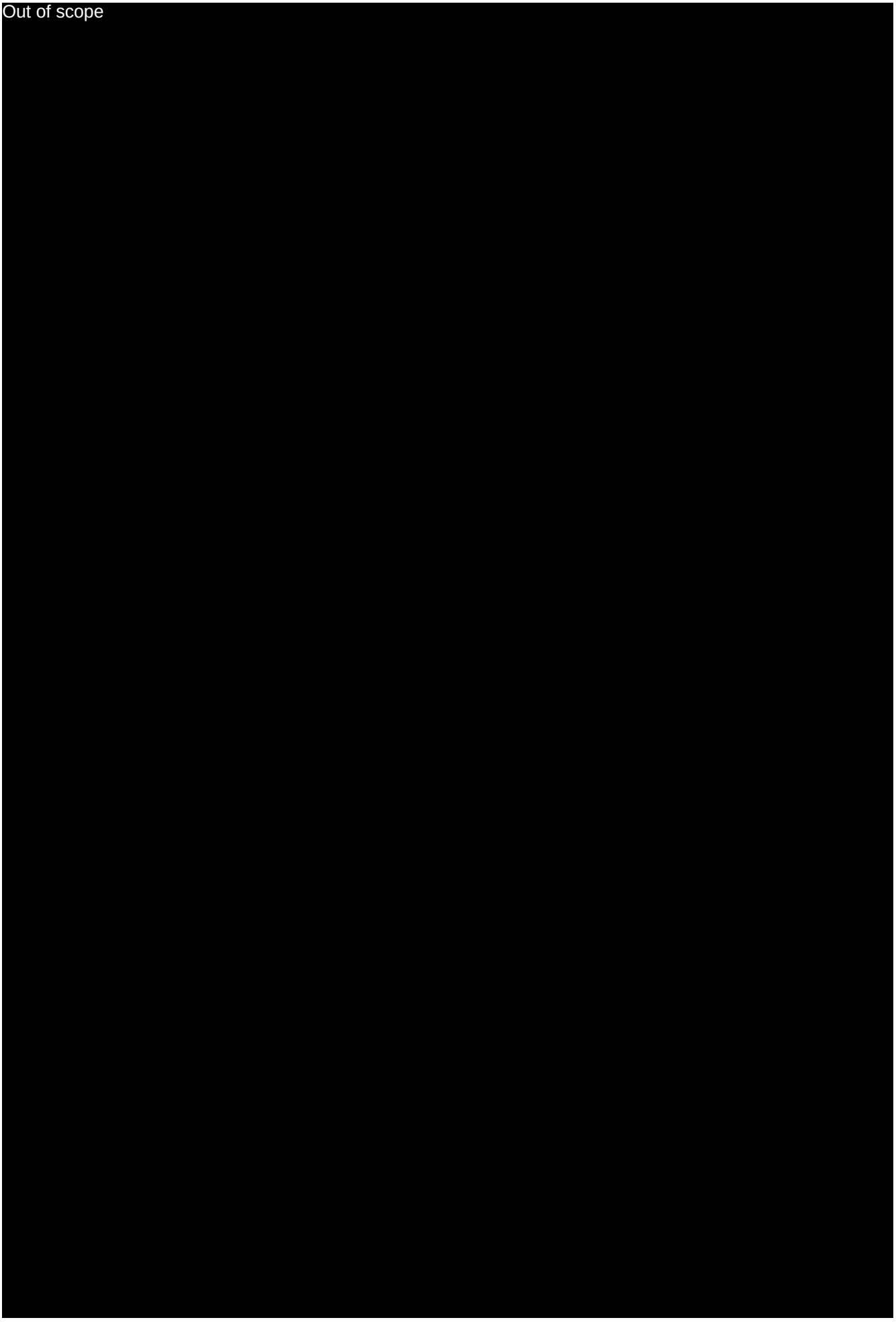
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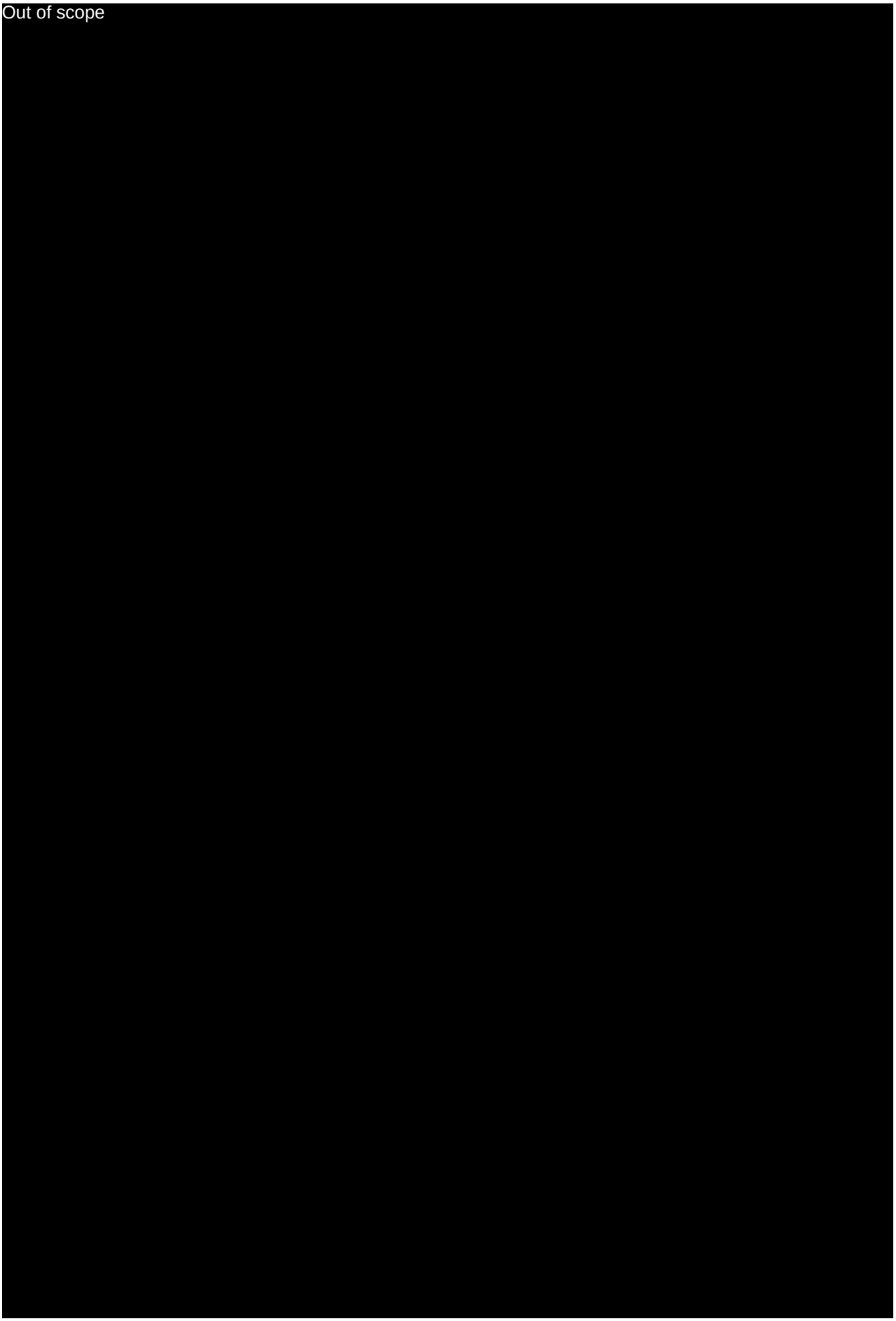
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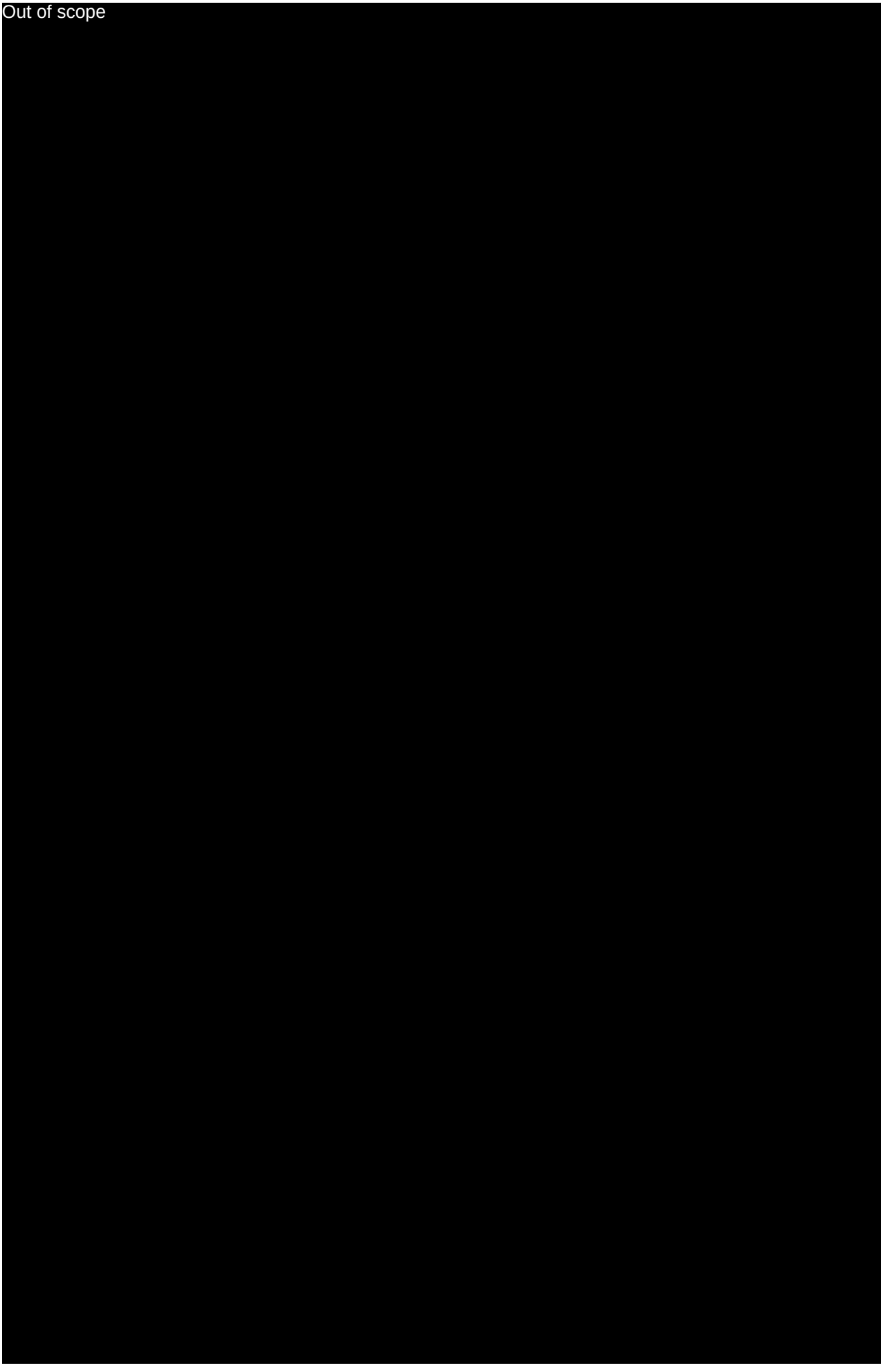
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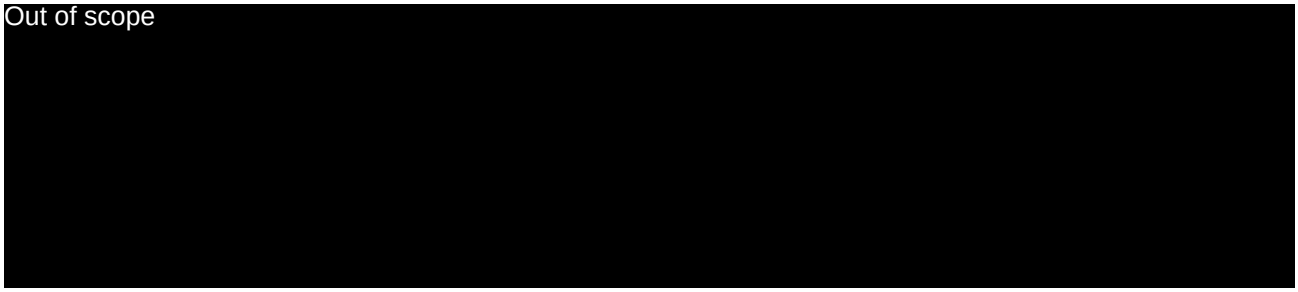

COUNCIL-IN-CONFIDENCE

COAG Energy Council

22 November 2019
Perth

AGENDA PAPER

Item 6d

Regulatory Frameworks for Stand-Alone Power Systems (Priority 1) and Embedded Networks

For **Decision**

***South Australia** to lead*

Clause 5(1)(a)(ii)

[redacted]

Version: 1

Author: Mark Pedler, South Australian Department for Energy and Mining, (08) 8429 3361

Clause 5(1)(a)(ii)

[redacted]

Clause 5(1)(a)(ii)

[redacted]

Clause 5(1)(a)(ii)

SPEAKING NOTE

COAG Energy Council **22 November 2019** **Perth**	**COUNCIL OF AUSTRALIAN GOVERNMENT ENERGY COUNCIL** **Item 6d** *Regulatory Frameworks for Stand-Alone Power Systems (Priority 1) and Embedded Networks* **For Decision** *SA to lead*

Clause 5(1)(a)(ii)

[redacted]

Clause 5(1)(a)(ii)

[redacted]

McIntyre, Branka (DEM)

From: Duffy, Vince (DEM)
Sent: Tuesday, 11 February 2020 11:47 AM
To: Kelly, Dominic (DEM); Trethewey, Elizabeth (DEM)
Cc: Knights, Rebecca (DEM); Chapman, Melissa (DEM); Leverington, Christopher (DEM); Pavanello, Jinny (DEM); Pedler, Mark (DEM)
Subject: RE: Dot points on embedded networks [DLM=For-Official-Use-Only]

Dom
As requested, please find dot points on embedded networks progress. Thanks Mark.
Vince

From: Pedler, Mark (DEM) <Mark.Pedler@sa.gov.au>
Sent: Tuesday, 11 February 2020 10:31 AM
To: Duffy, Vince (DEM) <Vince.Duffy@sa.gov.au>
Cc: Knights, Rebecca (DEM) <Rebecca.Knights@sa.gov.au>; Chapman, Melissa (DEM) <Mel.Chapman@sa.gov.au>; Leverington, Christopher (DEM) <Chris.Leverington@sa.gov.au>; Pavanello, Jinny (DEM) <Jinny.Pavanello@sa.gov.au>
Subject: Dot points on embedded networks [DLM=For-Official-Use-Only]

For Official Use Only

Hi Vince,

As requested yesterday some dot points on embedded networks work below. Let me know if there is anything else you need.

- Prompted by the significant uptake of embedded networks in recent years and concerns in relation to poor consumer experiences, the Australian Energy Market Commission (AEMC) was requested by the COAG Energy Council to assess the current regulatory arrangements through its 2017 ***Review of regulatory arrangements for embedded networks***. In that review, the AEMC identified a number of issues in relation to accessing retail market competition, consumer protections and monitoring and enforcement regimes, and recommended new regulatory arrangements be developed.
- To progress the necessary law and rule changes to address these issues, the AEMC self-initiated the ***Updating the Regulatory Frameworks for Embedded Networks Review*** in August 2018 to prepare and consult on proposed law and rule changes to implement its recommendations from the 2017 review. A Final Report was released by the AEMC on 20 June 2019.
- The AEMC's ***Updating the Regulatory Frameworks for Embedded Networks*** final report contains recommended revisions to the National Electricity Rules and National Energy Retail Rules, as well as drafting instructions for the National Electricity Law (NEL) and National Energy Retail Law (NERL). The complex and detailed amendments propose a new regulatory regime that the AEMC considers will improve consumer protections and access to retail market competition for embedded network customers. The proposed arrangements also aim to provide an enhanced ability for the Australian Energy Regulator to monitor and enforce the compliance of sellers in embedded networks.
- COAG Energy Council has established a working group of Officials to consider the AEMC's proposed reforms to embedded networks, as well as standalone power systems.
- Officials reported back to the Council at its meeting on 22 November 2019. Noting the level of detail, and complexity, in the AEMC's recommendations in relation to embedded networks, officials were not yet in a position to recommend a response to the AEMC's recommendations.

Further analysis is required on costs, benefits and regulatory complexity. Officials are currently in the process of engaging a consultant to assess the cost and benefits of the AEMC's recommended framework. With a better understanding of the cost and benefits of the reforms, Officials aim to return to Council later this year with a response to the AEMC's recommendations.

Cheers

Mark Pedler
Principal Policy Officer
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Energy and Technical Regulation
Department for Energy and Mining
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McIntyre, Branka (DEM)

From: Pedler, Mark (DEM)
Sent: Thursday, 5 March 2020 10:20 AM
To: Trethewey, Elizabeth (DEM)
Cc: Knights, Rebecca (DEM); Leverington, Christopher (DEM)
Subject: Marinas and embedded networks [DLM=For-Official-Use-Only]

For Official Use Only

Hi Lizzie,

Further to our discussion please find some dot points below, following further discussions with the AER.

- The National Electricity Law (NEL) does not stipulate the kinds of network service provider exemptions that the AER can grant or the criteria that the AER should consider when assessing an application for a network exemption. Further, the NEL and the National Energy Retail Law do not guide the AER regarding the conditions that apply to each class of exemption. The AER therefore has discretion whether to grant an exemption and the kinds of exemptions it can grant.

- The AER also has discretion to make all-of industry exemptions if they choose to. Feedback from the AER has however suggested that they try to avoid making the Network Exemption Guideline too specific to different types of industries as it can often increase the number of enquiries they receive from industries that are not explicitly mentioned. The current framework does take marinas in to account however. Individual marinas can, and have, received exemptions from the AER.

- It may also be worth noting to the Marina Industries Association that the AER is internally reviewing the Network Exemption Guideline. There will be an opportunity for stakeholders to provide submissions to the AER on this Guideline. One approach may be for the Marina Industries Association to make their case for an industry wide exemption to the AER in the form of a submission to the forthcoming review.

- Finally, in June 2019 the AEMC finalised its proposed package of law and rule changes to update the regulatory frameworks for embedded networks. At the November 2019 COAG Energy Council meeting, Ministers noted that further work, including assessment of costs, benefits and regulatory complexity is necessary prior to recommending a response to the AEMC's proposed regulatory framework for embedded networks. While the AEMC proposal would result in better protections and access to more competitive retail offers for consumers in embedded networks, it would not enable industry wide exemptions as requested by the Marina Industries Association.

Cheers

Mark Pedler
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Energy Policy and Projects
Energy and Technical Regulation
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