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COAG Energy Council agrees to significant reforms to the electricity sector

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The COAG Energy Council has today agreed to a significant set of reforms which will deliver a more affordable and reliable electricity system as we transition to a lower emissions future.

At the meeting in Brisbane the Energy Council agreed to immediately act on 49 of the 50 recommendations of the Independent Review into the Future Security of the National Electricity Market (NEM) which was presented to COAG leaders five weeks ago.

Following the eight month review led by Australia's Chief Scientist Dr Alan Finkel, these significant reforms have been agreed to in record time and will help to drive down power prices and ensure we have a more reliable system well into the future.

Key recommendations which the Energy Council agreed to include:

A new Generator Reliability Obligation which will require intermittent sources of generation to provide an appropriate level of backup to guard against blackouts;

The introduction of Energy Security Obligations to provide the necessary support services (Frequency Control and Ancillary Services and inertia) to intermittent sources of generation;

A new requirement for large generators to give a minimum three years notice before closing; and

The establishment of an Energy Security Board to oversee the health, security and reliability of the NEM.

Also at the meeting the Australian Energy Market Operator (AEMO) outlined their comprehensive plan for this summer. As part of this plan the market operator will be able to contract for more supply to make sure there is no shortfall.

Following an update from the Australian Competition and Consumer Commission (ACCC) on its review into retail electricity prices the Energy Council agreed to provide greater transparency on the price and availability of long-term electricity retail contracts as well as to give consumers greater real time control over their energy consumption.

Importantly governments will be provided with greater visibility of retail electricity prices, retail margins and factors affecting price to ensure they are in a stronger position to respond to any inappropriate market practices.

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Contact

Electorate Office:
695 Burke Road,

Ministerial Office:
Parliament House Office



Camberwell VIC 3124 Australia
Phone: 03 9882 3677
Fax: 03 9882 3773
[Email Josh](#)

M1:17, Parliament House
Canberra ACT 2600
Phone: 02 6277 7920
[Email Josh](#)