



AUSTRALIAN
ENERGY
REGULATOR

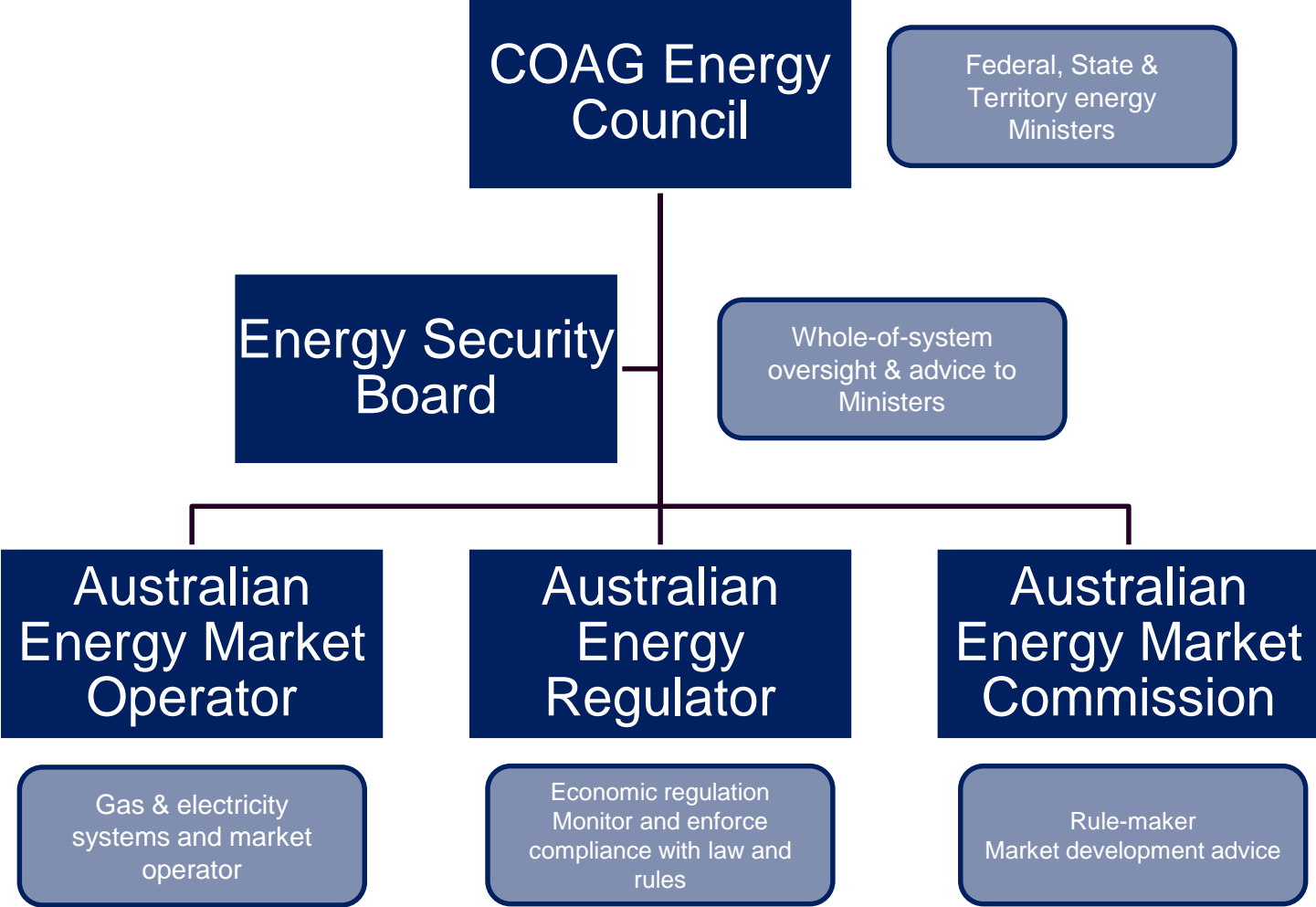
Preparing for future disruptions

Clare Savage – Chair, Australian Energy Regulator

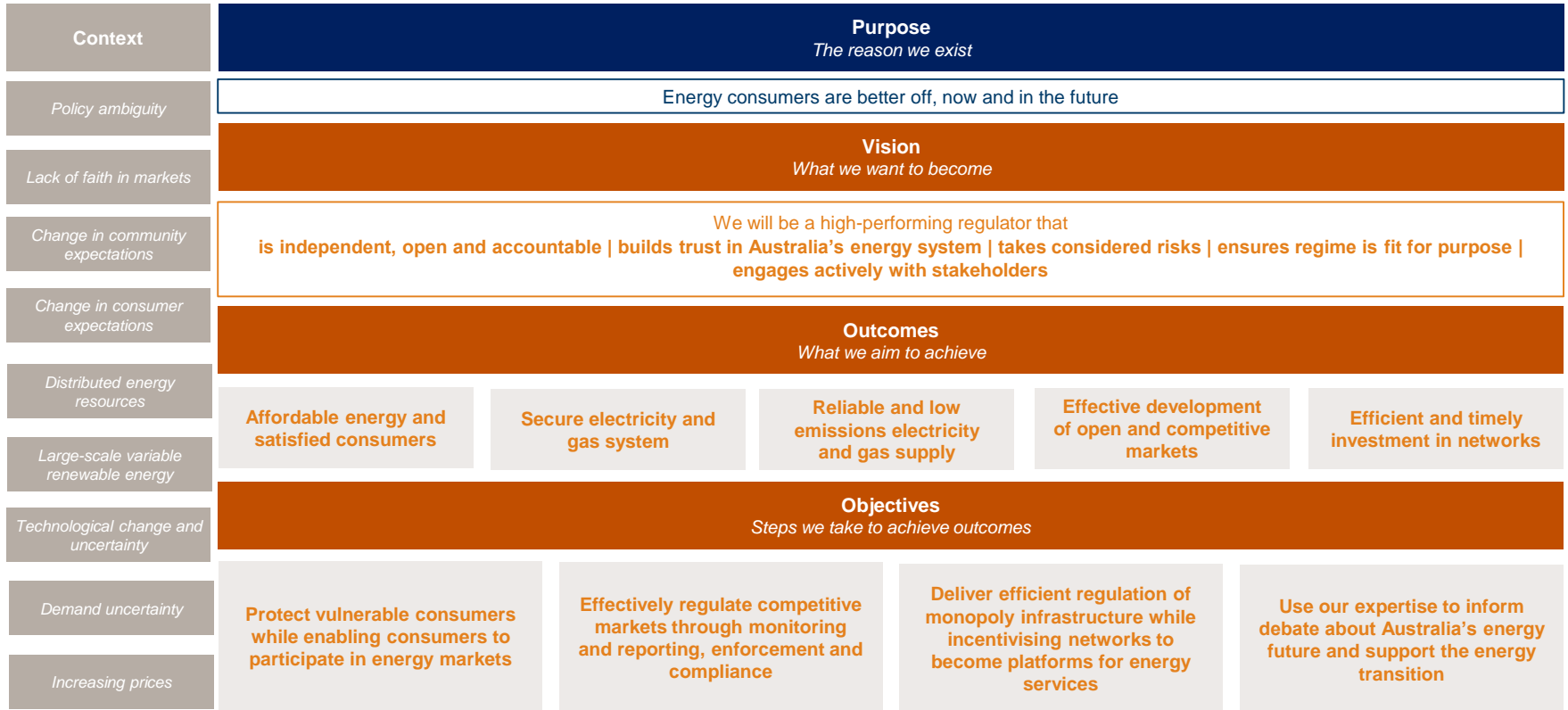
14 August 2020

aer.gov.au

Australian energy sector governance



Australian Energy Regulator – Strategic Plan

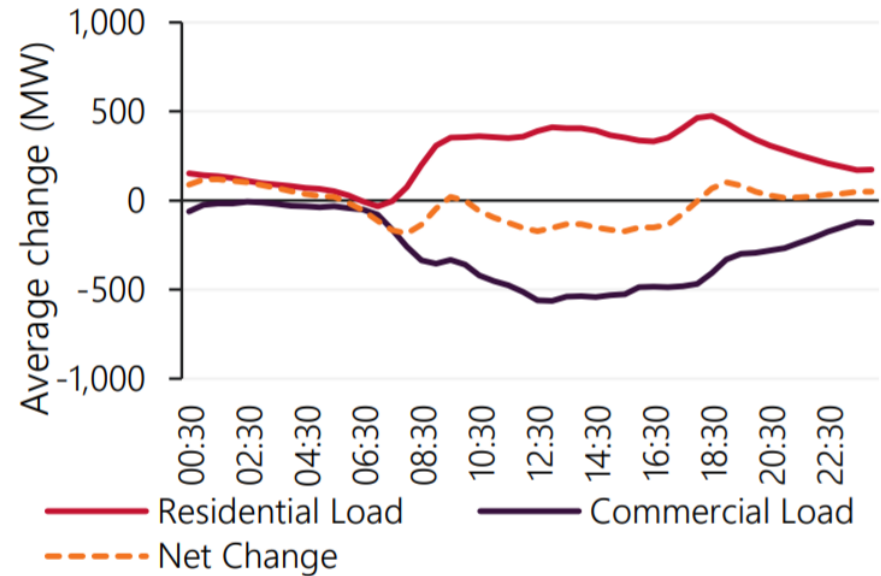


Execute well, adapt to emerging challenges and opportunities while working to improve the regulatory framework

CoVID 19 – leading through disruption



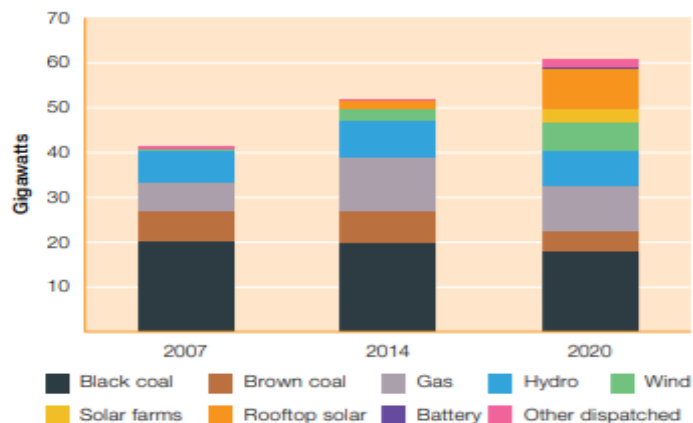
Change in VIC-average weekday demand by sector and time of day (1/4 to 17/5 2020 versus 1/4 to 17/5 2019)⁷



Fall in electricity demand partially offset by increased residential load – additional consumer protections critical

Disruption ongoing feature of energy transformation

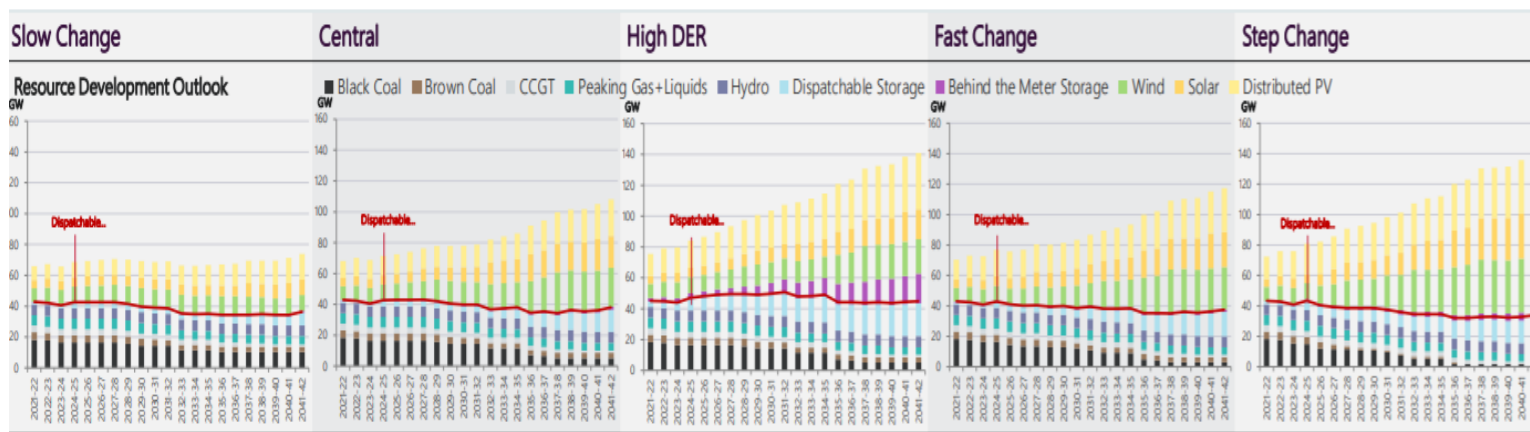
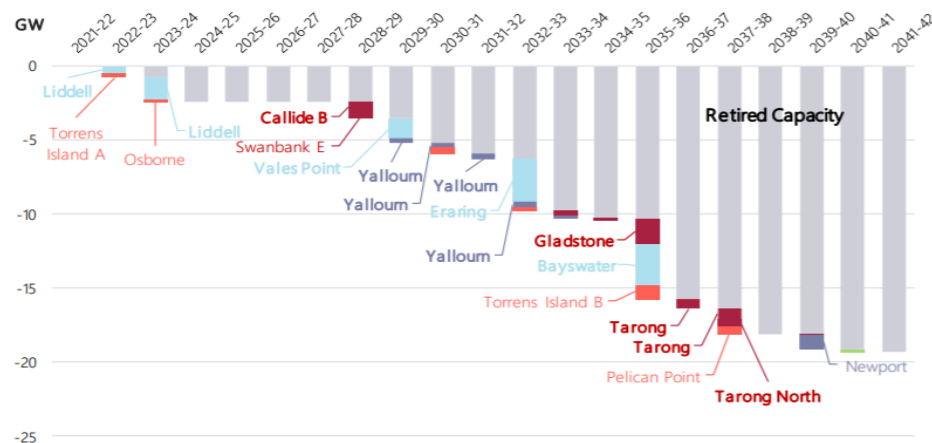
Figure 1.5
Generation capacity, by technology



Note: January (summer) capacity.

Source: AER; AEMO (data).

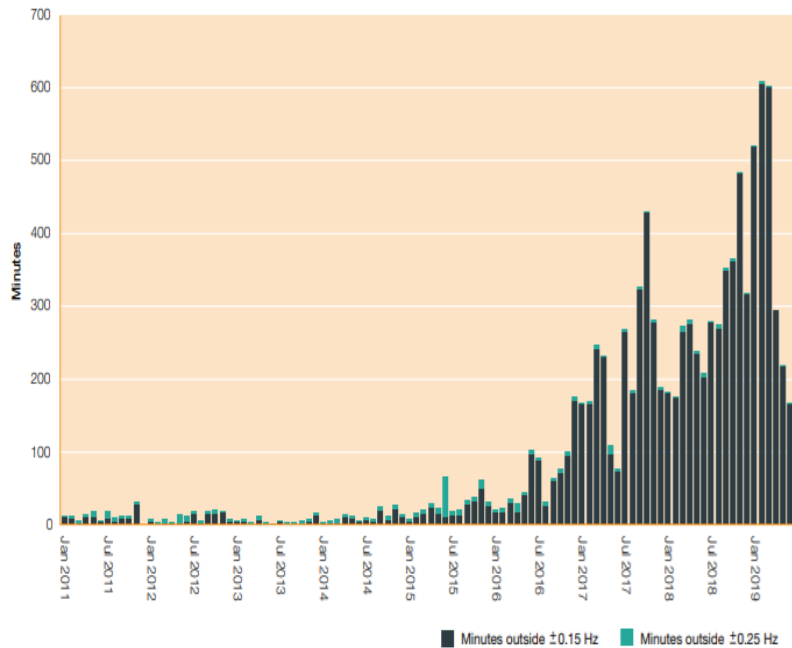
Figure 11 Coal-fired generation and GPG retirements (top) and capacity (bottom)



Significant volume of thermal capacity exiting the system replaced by variable renewable energy technologies

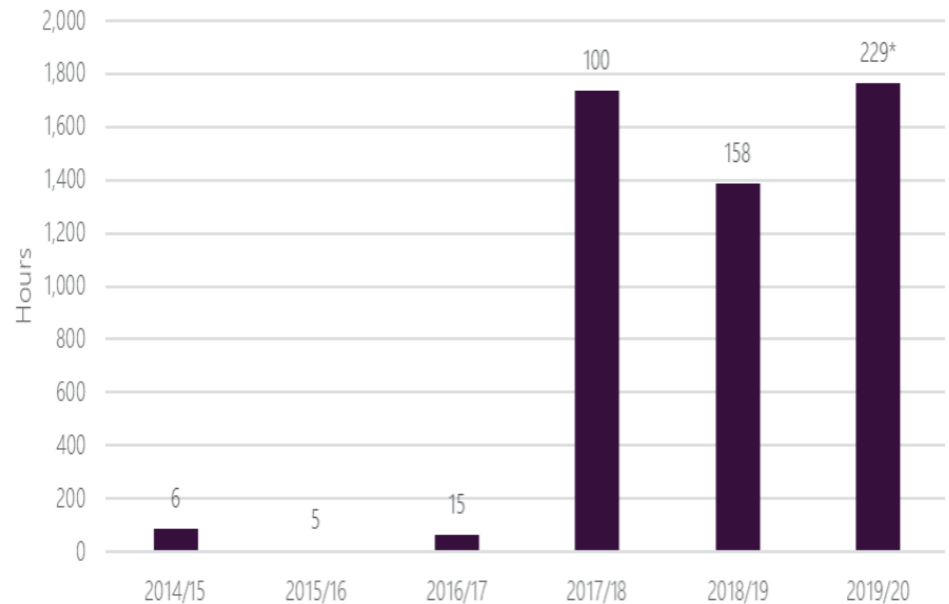
Delivering a secure and reliable electricity system into the future will require additional reforms

Figure 1.12
NEM mainland frequency excursions



Hz, hertz.
Source: AEMC Reliability Panel, 2019 annual market performance review, Final report, March 2020.

Figure 9 Historical number of directions and duration, 2015-20



*Incomplete year; data current at 5 March 2020.
Note: values above each column represent number of directions issued.

Changes to market design will be required along with increased system wide transmission planning and investment

Distributed energy resources present opportunities for greater resilience

Figure 1.6
Renewable generation in the NEM

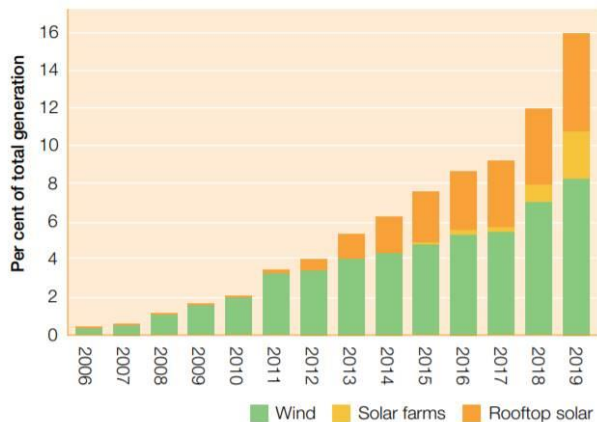


Figure 16 NEM average winter net demand curves, actual 2015-19 and projected in 2025 under Draft 2020 ISP Central generation build

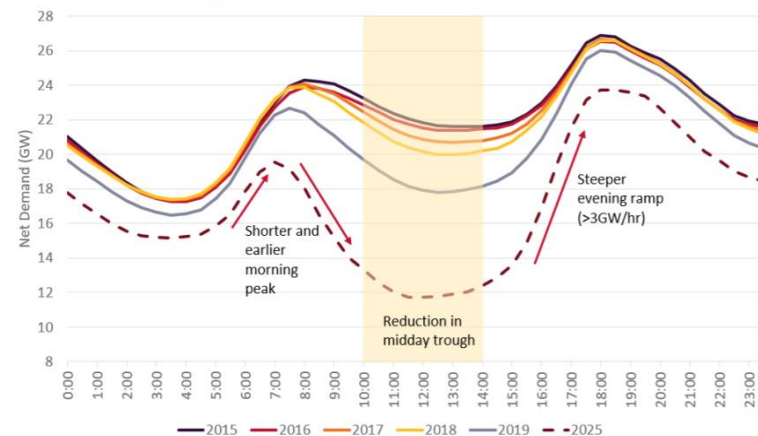
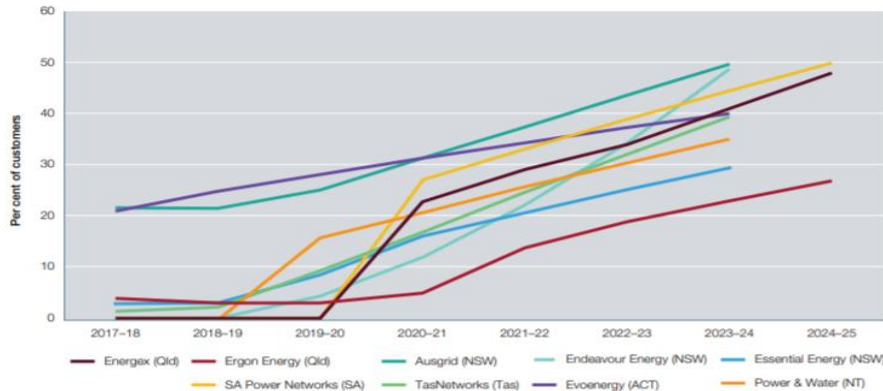
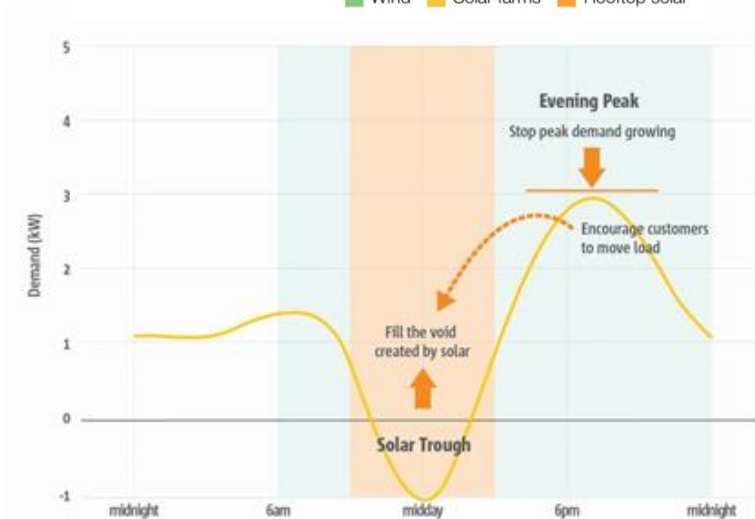


Figure 9
Projected assignment of cost-reflective tariffs for residential customers



Source: AER analysis of unpublished forecasts supplied by regulated electricity distribution businesses.



Different regulatory tools necessary – tariff reform critical but ring-fencing waivers, depreciation profiles and regulatory sandboxes in the mix

