



Frequently asked questions: amended national energy objectives

1. When will the amended national energy objectives take effect?

The *Statutes Amendment (National Energy Laws) (Emissions Reductions Objectives) Act 2023* (the Act) received Royal Assent on the 21 September 2023. The amended national energy objectives will therefore take effect from 21 November 2023.

Transitional provisions in the Act mean the amended national electricity objective immediately applies to the NSW, ACT, TAS and NT resets currently underway for the 2024–29 regulatory control period.

2. What is the AER's position on 'whether to apply' the amended NEO?

The AER's default position is to apply the amended national energy objectives to any processes which are underway at the time the amendments take effect (21 November 2023). If however we have reasonable concerns about applying the amended national energy objectives to a process which is underway, we will publish reasons for our position.

3. Can the AER provide early guidance on the value of emissions reduction?

No. We expect a Ministerial Council on Energy Statement to be issued in November 2023. We understand that it will include an interim value of emissions reduction and other relevant guidance. We intend developing further guidance about *how we may apply* the interim value of emissions reduction to regulatory investment tests and regulatory determinations. We will consult on our further guidance in November. Any further guidance we issue must be consistent with the Ministerial Council on Energy Statement.

4. Where might a value of emissions reduction impact a network service provider's regulatory proposal?

We expect to see increasing proposed expenditure by network service providers to facilitate the integration of consumer energy resources such as PV, behind the meter batteries, community batteries and electric vehicles into the network. We consider that the introduction of a value of emissions reduction would likely have an impact on the business cases that support consumer energy resource proposals.

5. Will the AER apply the interim value of emissions reduction to the current NSW/ACT/TAS/NT resets?

We intend to apply the interim value of emissions reduction quantitatively in our regulatory decisions where, in the AER's regulatory judgment, it is appropriate to do so. In practice, this will be where a network service provider has itself used a value of emissions reduction in developing its regulatory proposal.

6. Will the AER incorporate any value of emissions reduction before an interim value is released?

We will not incorporate a value of emissions reduction until the interim value is released. An MCE statement, containing an interim value of emissions reduction is expected in November 2023. Any guidance we provide must be consistent with the MCE statement (which may include a value and other guidance). Therefore to preempt the MCE Statement by developing a value may not advantage network service providers or us.

If network service providers have upcoming resets or regulatory investment test proposals, we recommend they contact us to discuss – NEOreforms@aer.gov.au.

6. How will the AER consider jurisdictional emissions targets?

We understand that some jurisdictions may set more ambitious emissions reduction targets than that of the Commonwealth. The Australian Energy Market Commission published its own [guidance and targets statement](#), the latter of which market bodies must consider when applying the emissions reduction component of the national energy objectives. The issue of how to consider targets (where state targets differ from Commonwealth targets) will need to be further considered by the Commonwealth.