

14 March 2017

Dr Alan Finkel AO
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Independent Review into the Future Security of the National Electricity Market
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Dear Dr Finkel

**Submission to Review into the Future Security of the National Electricity Market
Preliminary Report**

The Australian Energy Regulator (AER) welcomes the opportunity to provide the attached submission on the Review into the Future Security of the National Electricity Market (NEM).

The preliminary report has accurately identified the challenges that the NEM faces in delivering security and reliability going forward. Most notably, it highlights the challenges that a greater reliance on variable renewable energy brings and the types of services that may be required for the NEM to deliver security and reliability going forward.

Our submission highlights a range of reforms to current arrangements that will be required if we are to meet these challenges.

Should you have any questions, please feel free to contact the AER's Chief Executive Officer, Michelle Groves, on (03) 9290 1423 or me on (03) 9290 1419.

Yours sincerely



Paula W. Conboy
Chair



Independent Review into the Future Security of the National Electricity Market

AER Submission on Preliminary Report

March 2017

1. Introduction

The Australian Energy Regulator (AER) welcomes the opportunity to provide this submission on the preliminary report for the *Review into the Future Security of the National Electricity Market*.

The AER is Australia's national energy market regulator and an independent decision making body. Our functions, which mostly relate to energy markets in eastern and southern Australia, include:

- regulating electricity and gas network businesses, including through setting maximum allowed revenues for providing monopoly network services
- monitoring wholesale electricity and gas markets to ensure energy businesses comply with the legislation and rules, and taking enforcement action where necessary
- monitoring and preparing performance reports of the energy sector in wholesale and retail markets and regulated networks
- regulating retail energy businesses compliance with the retail law and rules in New South Wales, South Australia, the ACT, Queensland and Tasmania (electricity only), and
- operating the Energy Made Easy comparator website and providing other information for energy consumers about how to participate in retail markets, and publishing information on energy markets, including the annual State of the energy market report, to assist participants and the wider community.

These functions are set out in detailed legislative arrangements. They broadly involve regulation of energy networks; and enforcement, monitoring and reporting roles in wholesale and retail markets. With our responsibilities covering all sectors of the electricity supply chain, we have a detailed understanding of many of the issues that are being considered in this review.

The Review Panel would be fully aware that this review comes at a critical juncture in the evolution of Australia's energy markets. Electricity markets are going through a period of unprecedented change, driven to a large extent by technological advancements. This has put existing market frameworks under significant pressure.

One of the key strengths of the preliminary report is that it provides a comprehensive scan of the National Electricity Market (NEM). While a range of other processes are looking at issues associated with the roll out of new technologies, the holistic nature of this review provides the opportunity for a broader consideration on the ability of the market to accommodate and adapt to the changes taking place.

The preliminary report has accurately identified the challenges that the NEM faces in delivering security and reliability going forward. Most notably, it highlights the challenges that a greater reliance on variable renewable energy brings and the types of services that may be required for the NEM to deliver security and reliability going forward.

While the preliminary report indicates that the challenges are significant, by no means are they insurmountable. While there are areas where the market has been too slow to adapt to the changes taking place, the discussion in the preliminary report suggests that many of the challenges confronting the market have been recognised and understood, and for the most part are being addressed. Our own work continues to evolve in light of changes taking place in energy markets. Our work on ring fencing, tariff reform and demand management all support the development of competitive energy services in a changing market.

We are firmly of the view that there are many strengths to the NEM and these arrangements can be built upon to deliver outcomes that are in the interests of consumers going forward. The NEM is founded on a principle that reliance on competitive markets, where feasible, will deliver the best outcomes for consumers in terms of price and innovation. We consider that some of the issues we face in the market at the moment are not a result of the failure of the NEM, but have been caused by a retreat from this principle of relying on competition and markets.

The rest of this submission provides our perspective on the key issues for the review. We particularly focus on areas where we consider changes to current arrangements may be required if the market is to deliver reliable and affordable energy supplies in the transition to a lower emissions future.

2. Governance arrangements

The preliminary report notes that effective energy market governance is critical for managing the transition that is under way. We agree with the Review Panel that effective governance arrangements are critical for progressing key reforms.

The governance arrangements we have in the NEM involve four key institutions:

- COAG Energy Council – the Energy Council provides national oversight and co-ordination of energy policy development
- Australian Energy Regulator – the AER is the independent national regulator, with responsibility for economic regulation of energy networks and ensuring that market participants comply with market rules and laws
- Australian Energy Market Commission – the AEMC is the independent rule maker, with responsibility for national rule making and market development
- Australian Energy Market Operator – AEMO is the independent market operator, with responsibility for operating wholesale energy markets and delivering planning advice

While these are the four key institutions, there are a number of other bodies with responsibility. Jurisdictional regulators continue to have responsibility in some states. Further, the Clean Energy Regulator, Australian Renewable Energy Agency and the Clean Energy Finance Corporation have responsibility around renewable energy. All these can influence outcomes in energy markets. Another recent development was the establishment of Energy Consumers Australia to be a voice for residential and small business energy consumers.

As the Panel would be aware, these governance arrangements were the subject of a comprehensive review in 2015 by a Review Panel chaired by Dr Michael Vertigan. This review found that the governance architecture in the NEM is sound, with the roles of the market organisations well understood and generally well defined, both in the Australian Energy Market Agreement (AEMA) and in energy market legislation.

However, the review also found that changes to governance arrangements were required to deal with the increasingly dynamic nature of the market and to address the 'strategic policy deficit' that had emerged. While many recommendations from the Governance Review have been acted upon, some are still in the process of being implemented.

Notably, one of the key recommendations from the Governance Review was to provide the AEMC with the obligation to prepare advice on energy market strategic direction, including the status of Australian energy market development, emerging issues and developments, and recommendations on priority matters.¹ As part of this task, the AEMC would be required to 'address any major unanticipated changes in the market' and ensure that the rules 'are fit for purpose and are not impeding beneficial and innovative developments in energy markets.' The AEMC has only recently received terms of reference from the COAG Energy Council to give effect to this recommendation. Once implemented, this mechanism would appear to help identify and deal with emerging market issues.

A key issue in improving market governance arrangements is therefore implementation of the key recommendations of the previous Governance Review.

While the AEMC's role will be important in highlighting major issues facing the market, the Energy Council's role is critical in providing direction and progressing reform. As outlined in the Terms of Reference for the AEMC review, the Energy Council:

'...is the primary entity responsible for setting strategic direction in the energy sector and in relation to energy market reform. Critical to this is the identification of emerging circumstances (or the potential for such circumstances) that could transform the energy sector. The Council's role is to provide leadership and strategic guidance about how such structural changes should, if at all, be accommodated within the national energy frameworks.'

This role is therefore central to the effective operation of the market and the performance of the market institutions. It sets the overall policy and shapes the direction of market development and reform.

The Energy Council (and before it the MCE) have provided significant direction to energy market policy over the past decade and progressed a range of key reforms. Going forward, in a dynamic changing market, this role will arguably be even more important.

¹ Recommendation 3.1 states 'The AEMC's mandate should be revised to include an obligation to prepare a major policy paper every three years containing advice on strategic direction, policy priorities and a work programme. Included in this advice would be a comprehensive review of the rules as a whole to help inform this process. This review should be directed at advising whether the rules are consistent with the strategic priorities, are fit for purpose and are not impeding beneficial and innovative developments in energy markets. In the intervening years, this document should be updated annually to address any major unanticipated changes in the market and advise on their implications for the strategic priorities and facilitate timely adjustments to the work programme. In its discharge of these tasks, the AEMC should demonstrate substantive engagement with all relevant stakeholders, including the AER, AEMO, other relevant institutions, industry participants and consumers.'

However, the pace of progressing some reforms can be slow. To give a current example, in April 2013 the AEMC recommended that the AER be given the function of monitoring and reporting on the effectiveness of competition in wholesale electricity markets. Legislation giving effect to this recommendation was passed in December 2016. This is not a criticism of the Energy Council, but rather highlights that in the face of an enormous work program some key reforms can take time to progress.

This issue may be addressed by ensuring that the Energy Council has the capacity to deal with the challenges and workload that confront it. Providing the Energy Council Secretariat with greater resources would assist in the more timely progression of critical reforms.

This could consist of greater staff and budgets for the Energy Council Secretariat. However, part of the answer may also be an ongoing program where staff from the AER, AEMO, AEMC, other Commonwealth departments and State energy departments are seconded to the Energy Council. To perform this role, the institutions themselves would need to be better resourced. This approach of seconding staff to the Energy Council would not only build up the capacity of the Energy Council Secretariat, but would encourage greater 'whole of system' thinking across the sector.

While putting in place arrangements to build up capacity is important, there also needs to be appropriate accountability mechanisms in place. Ultimately, the Energy Council and the institutions need to be accountable for progressing key reforms and the effective operation of the market. A strong accountability framework is in place for the institutions. In the case of the AER, we are accountable to the COAG Energy Council through an established Statement of Expectations – Statement of Intent process. We also have budgetary and parliamentary accountability, and many of our decisions are subject to review.

The need for a clear and transparent accountability framework, and reporting against this framework, extends all the way to the COAG Energy Council in line with its role in providing strategic direction to the market and progressing reform. This will help provide direction and certainty to guide future investment decisions.

3. Integration of energy and emissions reduction policy

The preliminary report highlights the need for a 'national commitment to energy and emissions reduction policy integration.'

The AER agrees that there is an urgent need for energy and emissions reduction policy to be better integrated. This needs to happen at the overarching policy level.

Ultimately, policy makers will need to balance objectives of emissions reduction and energy security and affordability, but this can only happen effectively if the interrelationships between emissions reduction policy and energy policy are well understood.

Emissions reductions should be achieved at least cost in terms of the energy policy objectives of reliability and affordability. This is important to ensure continuing public support for emissions reduction policies.

Clearly there is a significant challenge in achieving this policy integration.

This has been exacerbated by the different and at times inconsistent approaches to renewable energy and emissions reduction within and across governments.

The problems that this creates are highlighted in the report:

*'Policy stability and predictability is necessary to ensure that investors have confidence to build the assets that will deliver the required security and reliability of the electricity supply.'*²

Large scale generation tends to be a high cost, long term investment, with costs recovered over a number of decades. Given this investment profile, long term, consistent policy signals are required to support investor confidence. This issue can only be fully achieved by integrating emissions reduction and energy policy at the national level.

While the scale of this challenge is significant, it is not unprecedented. The introduction of the national competition policy reforms in the 1990's is an example of very significant reforms which required a concerted, co-ordinated effort by both the Commonwealth and the States to achieve a common outcome. This policy required Commonwealth and State Governments to agree to a series of reforms, including extending competition law to a range of government enterprises that were previously exempt, introducing 'competitive neutrality' to ensure a more level playing field between government-owned and privately-owned enterprises, and introducing a national access regime to enable businesses to use 'nationally significant' infrastructure. Through COAG, governments put in place a comprehensive framework to implement the competition policy reforms. The framework involved a work program which was reported upon, independently monitored and supported with competition payments.

The process that was followed in implementing national competition policy was a significant factor in the success of the reforms. The process involved careful definition of the problem, public awareness that there was a problem to be addressed, analysis of issues and options, wide consultation, and testing of options with stakeholders. This analytical and discursive approach has not always been followed in more recent reform efforts.

While integrating emissions reduction and energy policy is a significant challenge, the experience with competition policy reforms indicates that governments have successfully developed collaborative work programs within and across governments to achieve common outcomes in the past. Integrating emissions reduction and energy policy to provide a predictable, consistent and long term policy environment for investors and energy market participants will require a similar reform effort.

The preliminary report questions whether we should include an environmental objective in the National Electricity Objective (NEO). The problem we face is that there is currently not a national commitment within and across governments to energy and emissions reduction policy integration. As outlined above, this is an extremely complex problem which will not be addressed or solved by adding an environmental objective in the NEO. The issue requires a

² Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 19.

more sophisticated integration of energy policy and emissions reduction policy than ‘fixing’ the NEO.

There are other issues associated with adding an environmental objective in the NEO. Including an environmental objective in the NEO creates multiple, potentially competing objectives. The regulator (and the rule maker) would be required to resolve these competing objectives. Experience suggests that the regulator is often given little guidance on the relative weights to be given to each of the possibly conflicting objectives and must make judgments about this.

The report notes that ‘it is governments that play a crucial role in getting the balance right between the trilemma objectives’ of security, affordability and emissions reduction ‘through design of the system and implementation of policy.’³ However, amending the NEO seems to (at least partly) pass this role of striking the balance between security, affordability and environmental objectives on to market institutions. Under the governance framework we have in the NEM, it is policy makers that are best placed to weigh up these competing policy objectives. We consider that judgements about environmental objectives are often value judgements that are more appropriately made by elected officials.

4. Meeting Australia’s emissions reduction targets

The preliminary report highlights the role that the electricity sector must play a role in reducing emissions:

‘As Australia’s largest single source of emissions, the electricity sector itself understands that it has an important role in meeting our national emissions reduction target’⁴

Clearly if we are to meet emissions reduction targets, the electricity sector has an important role to play. The Australian Government’s 2017 review of climate policy settings is expected to clarify the electricity sector’s role in helping meet emissions reduction targets.

Whatever mechanism is chosen to reduce emissions, we can expect to see less emissions intensive generation, particularly renewables, replace more emissions intensive generation, particularly coal. An issue that the preliminary report does not address but will become increasingly important in this changed generation mix concerns the location of new generation. As previously identified by the AEMC, the existing transmission pricing arrangements do not place a strong signal on where new generators should locate. Without changes to the transmission pricing arrangements, new generation investment decisions will not take into account the locational effect on networks. Customers could end up paying higher network charges because of poor price signals.

Transmission pricing has been one of the more intractable issues since market commencement. However, without changes to network pricing arrangements, we face the

³ Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 10.

⁴ Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 3.

real prospect that there will be significant amounts of underutilised network capacity (with the retirement of existing generation) at a time when there will also be needs to expand the network (to connect new remotely located generation). If we are to deliver emissions reduction at least cost to the consumer, it would appear to be important to send stronger signals around the location of new generation. We would encourage the Review Panel to consider whether a changed generation sector means that there is a need to review these locational pricing issues.

The preliminary report also focuses on the role that measures other than renewable generation can play in reducing emissions:

‘Beyond renewable energy, there are a number of other opportunities for emissions reduction from electricity. Fuel switching from coal-fired to gas-fired generators and improvements to energy efficiency across the economy will make a sizeable reduction in total emissions.’⁵

This focus on the range of measures that could reduce emissions is important and offers the best prospect of reducing emissions at least cost to energy consumers and with the least impact on security.

As indicated in the preliminary report the role of gas generation is critical particularly in the transition to low emissions electricity supply. Not only does switching from coal to gas generators reduce emissions, but gas-fired generators are well placed to provide support for renewable generators due to their synchronous nature and rapid ramp up and ramp down capability. As highlighted in the preliminary report, this underscores the importance of securing additional gas supplies as a matter of urgency.

5. Taking advantage of new technologies

We are witnessing significant developments in technology, communications and data availability that have the potential to transform electricity markets. This raises the question of how markets and regulatory frameworks will need to adapt to the changes taking place.

The preliminary report notes that:

‘It is important to provide the right price signals for efficient uptake of new technologies and services that will help deliver system benefits to all consumers – residential, commercial and industrial. Regulatory frameworks should promote innovation and competition, and help ensure a level playing field. Consumer choices should determine which technologies succeed and which fail. The use of subsidies could distort this process.’⁶

⁵ Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 19.

⁶ Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 14.

We agree with this statement from the preliminary report and consider that it highlights a number of key principles to ensure that new technologies are developed in a way that benefits energy consumers.

First, it emphasises that with high rates of change, it is important that the policy and regulatory framework be technology neutral and ensure a level playing field.

Policy and regulation should not prefer or drive particular technology solutions. It is better to allow the market to 'decide' than for the policy maker to favour a particular technology or solution. When innovations are provided through the market, the consumer chooses which technology they want and bears the risk of their choices. In contrast, where governments financially support a particular technology, the choice to consumers is limited and the taxpayers bear the cost.

What we are seeing at the moment is a competitive jostling by providers of new products and services to position their products as 'the solution' in this space. In some instances, this involves competition in the policy space to have a particular technology chosen and subsidised, rather than competing for customers in the market.

However, in a dynamic market, consumers are likely to be best served by a range of new technologies and services. There is unlikely to be a single 'silver bullet' technology that best serves the market and meets everyone's needs. Consumers are likely to be best served by a framework where businesses compete for consumers, where the relative merits of various products are known, where consumers are allowed to choose the technology that suits their needs, and where consumers carry the costs and benefits of their choices.

The framework under which new products and services are developed therefore needs to be an 'enabling' rather one rather than a 'promoting' one.

While governments should not drive particular technology solutions, there may still be a role for governments in supporting research into new technologies.

The statement from the preliminary report also highlights that we should rely on competition to provide innovation. New products and services that are developing to meet consumer demands should generally be provided through contestable markets, unless there is likely market failure that means that consumers need to be protected through regulation. Contestable markets are more likely to be innovative, to allocate risk to those best able to manage it and to meet consumer expectations. The scope for market-based innovation will be limited if government policies require particular technologies to be adopted or specify in advance the objectives to be achieved.

Finally the statement from the preliminary report emphasises the importance of appropriate price signals in the efficient delivery of new products and services. More cost reflective tariffs help consumers make informed decisions on how and when they should use electricity as new technologies evolve. Tariff reforms support customers to get the full value of the investments that they are making in new technologies. Charging prices that accurately reflect the cost of providing network services provides an incentive for consumers to shift demand to better manage their electricity bills.

Tariff reform also provides an incentive for businesses to develop products and services which reduce the overall size of the demand peak. Much of the cost of building networks is to deal with a few days of peak electricity demand. Therefore, if peak demand can be reduced, less network investment will be required, which will lower prices for consumers.

The AER's work on ring-fencing, implementing tariff reform and demand management all support the development of a competitive energy services market.⁷

Under the ring-fencing guidelines developed by the AER, networks are prevented from favouring their own affiliates over other businesses offering competitive energy services, such as rooftop solar, smart appliances and storage. Such separation helps to promote a more level playing field for competitive energy service providers. The guidelines also prevent cost-shifting of the networks from their affiliates into the regulated parts of their business, making sure that network customers are not paying more than they need to.

We have been working to implement reform in network tariffs. We have the role of approving tariff structure statements which set out how businesses are moving towards more cost reflective tariffs.

We are also developing a new demand management incentive scheme and innovation allowance. It will provide electricity distribution businesses with an incentive to undertake efficient expenditure on non-network options relating to demand management. The innovation allowance will provide distribution businesses with funding for research and development in demand management projects that have potential to reduce long-term network costs.

6. The role of consumers in driving change

A key theme in the preliminary report is that consumers are driving change in the market. While some consumers are actively involved, a range of consumers appear to be struggling to engage with the market. The benefits that new technologies deliver can only be realised if customers become involved. There will not be as an efficient uptake of innovative solutions if consumers are not engaged. It is therefore really important that the framework enables the greatest participation and contribution by consumers such that they have real choices.

Efforts need to continue to introduce as quickly and as efficiently as possible the measures that will provide consumers with the tools that they need to engage in the market. This includes providing consumers with meaningful information and real choices. A market driven roll out of smart meters, more cost reflective network tariffs, and a connections framework that is not overly onerous appear to be measures required to support this.

There is, however, a need to ensure that appropriate consumer protections are in place for all energy products and services. Some new products may fall outside of the current regulatory framework and existing protections may not apply. Ensuring appropriate protections are in place would encourage greater participation by consumers in the market.

⁷ More information on this work is available at <http://www.aer.gov.au/networks-pipelines>

7. Supporting security and reliability

The preliminary report notes the challenge of integrating renewables:

‘...wind and solar PV generators need to be carefully integrated into our power system. This is because they lack spinning inertia and the inherent ability to contribute to instantaneous or medium-term security and frequency control. Also, VRE generators cannot provide a system restart capability. The increasing penetration of wind and solar PV generators creates a need to develop new effective processes for integrating them into the NEM, along with any other future sources of VRE or related technology.’⁸

As the Review Panel is aware, the AEMC’s System Security Market Frameworks Review is progressing a range of these issues. The AEMC notes:

As the generation mix shifts to more non-synchronous generation, these services are not provided as a matter of course giving rise to increasing challenges in maintaining the power system in a secure state. Some non-synchronous generators may have capabilities to respond rapidly to sudden changes in electricity supply or consumption. The Review will consider the need for additional markets and frameworks to create incentives for the provision of these services.’⁹

This review is also progressing three rule changes relating to system security. In the Interim Report, the AEMC has concluded that there are two distinct new services required to enhance NEM system security, a mechanism to obtain inertia and a fast frequency response service. The AEMC is now considering the options available for procuring these services.

Notwithstanding this ongoing work, there may be a need to give further thought to the institutional framework overseeing reliability and security issues. Under the National Electricity Law, the Reliability Panel has the responsibility to ‘monitor, review and report on the safety, security and reliability of the national electricity system’. A strong focus of the Panel’s work is on developing guidelines and standards, many of which guide AEMO in performing its power system security and reliability functions. The Reliability Panel’s reporting role focuses on a periodic review of the performance of National Electricity Market in terms of reliability, security and safety of the power system.

The changes taking place in our market pose the question of whether a more dynamic security and reliability standards oversight model is now appropriate. In North America, for example, the North American Electric Reliability Corporation performs a detailed technical role, recommending and adjusting details, standards and parameters for managing the security and reliability of the power system in accordance with evolving needs. There is also ongoing reporting of emerging technical issues.

⁸ Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 25.

⁹ Australian Energy Market Commission, System Security Market Frameworks Review, Information Sheet, September 2016, page 1.

With rapidly evolving technology, a constant assessment of emerging issues and approaches is required to build an effective body of knowledge and expertise to address these issues more quickly. A more dynamic and technical oversight model is something that the Panel may wish to consider further.

The preliminary report also discusses the role that additional interconnection could play in meeting security issues:

*'With growing VRE generation, it may be necessary to invest in new and upgraded interconnectors. The benefits of this for power system security and reliability need to be weighed up against the added cost to consumers.'*¹⁰

As the preliminary report notes, the regulatory investment test for transmission (RIT-T) applies to proposed new transmission investments, including proposed interconnectors.

The RIT-T is a cost benefit framework designed to identify the investment option which maximises net market benefits. This means that capital intensive projects, like interconnectors, generally only proceed where long-term economic benefits can be demonstrated. It is important that these projects deliver long-term benefits, as the costs of these projects are recovered from consumers over the life of the asset.

There has been some debate over the years about the costs and benefits that should be allowed under a RIT-T assessment.¹¹ Broadly speaking, the RIT-T assesses economic benefits of investment options including savings in capital costs (including the costs of generation and network assets) and savings in operating costs (including fuel costs, network losses and ancillary services). In addition, the cost savings in meeting environmental policies, such as the Renewable Energy Target (expanded RET)), can also be included in an assessment. The RIT-T, however, only measures the economic impacts that accrue to parties who produce, consume and transport electricity in the market. Thus, it does not capture externalities such as broader environmental or economic benefits.

The COAG Energy Council recently conducted a review of the RIT-T. The review report concludes that the RIT-T remains an appropriate and effective tool for ensuring new transmission infrastructure, whether intra-or inter-regional, is efficient and that consumers are protected from paying more than necessary for their electricity.

We agree that the RIT-T remains an appropriate tool for assessing proposed transmission investment. We consider, however, that the operation of the RIT-T needs to evolve in response to the market changes taking place. For example, new technologies provide greater opportunities for third parties to bring in non-network solutions when augmentation or replacement of the transmission network is required. The AER recently lodged a rule change

¹⁰ Preliminary Report of the Independent Review into the Future Security of the National Electricity Market, December 2016, page 27.

¹¹ In particular as the RIT-T quantifies net economic benefits it does include consideration of wealth transfers from producers to consumers (and vice versa). Thus, while a new interconnector can deliver a range of economic benefits, particularly arising from more efficient generation dispatch, a reduction in price spikes would not be considered a market benefit as it would only be a wealth transfer with no net economic benefit

proposal with the AEMC to extend the coverage of the RIT-T to replacement assets. This rule change proposal is currently being assessed by the AEMC.¹²

We also agree that a review of our RIT-T guidelines, in particular to ensure they give guidance on 'high impact low probability' events and current environmental policies, will help clarify the operation of the RIT-T and ensure that it remains fit for purpose going forward.

¹²Further information on the rule change is available at <http://www.aemc.gov.au/Rule-Changes/Replacement-Expenditure-Planning-Arrangements>