

Reforming the Australian Energy Market

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Overview

- What is VENCorp?
- Victorian energy reforms 1994-2008
- The Victorian Gas Spot Market
- Towards a truly national Australian energy market

What is VENCorp?

- Statutory body
- Funded by industry on cost recovery basis
- Electricity
 - Transmission Network Service Provider
 - Plans/procures transmission augmentation
- **Gas**
 - Independent system and market operator
 - Facilitation of Full Retail Contestability
 - Gas system planning services

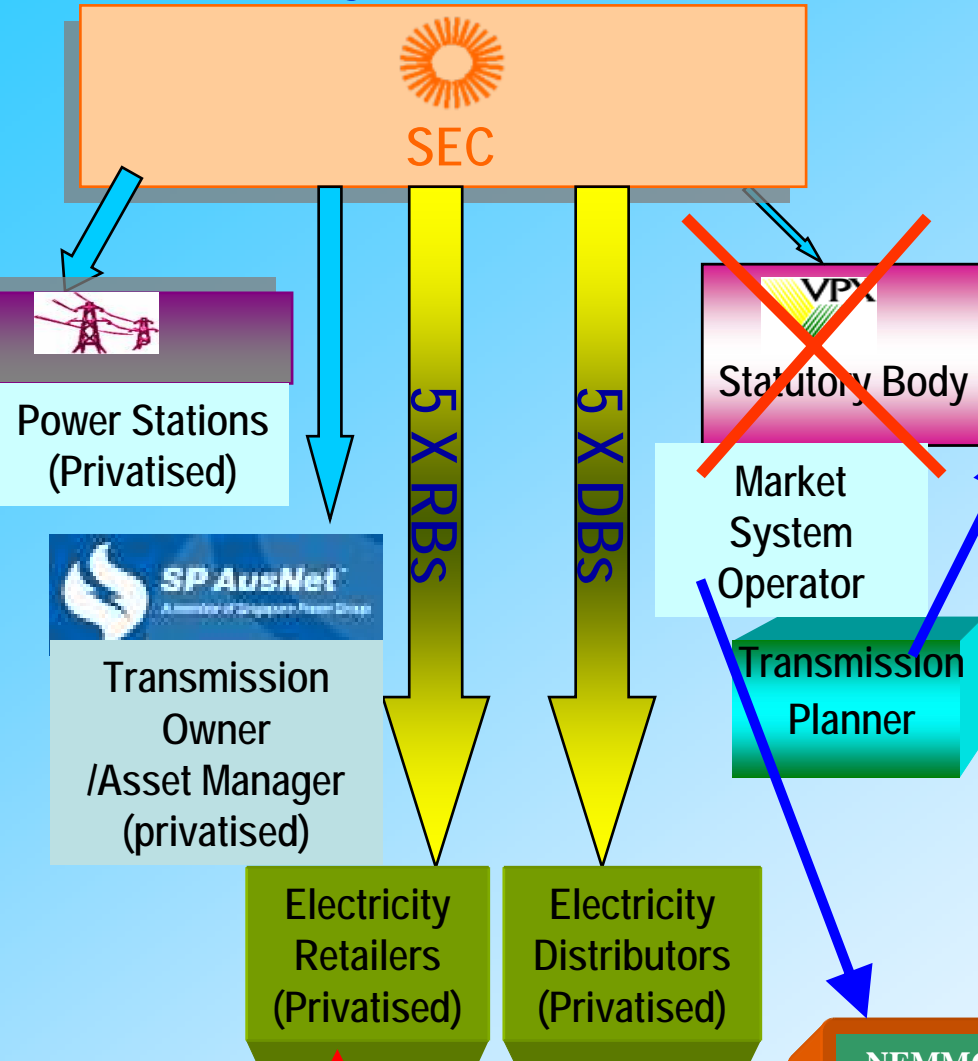
VENCorp gas functions

- Independent market and system operator
- Statutory Functions:
 - System operation/security
 - Gas/pipeline scheduling
 - Market management and administration
 - Monitoring/managing Gas Quality
 - Metering and Settlements
 - Provision of planning and market information
 - Powers of direction
 - Emergency management
- Facilitation of gas Full Retail Competition
 - In Victoria and Queensland
 - Administrative role in SA and WA

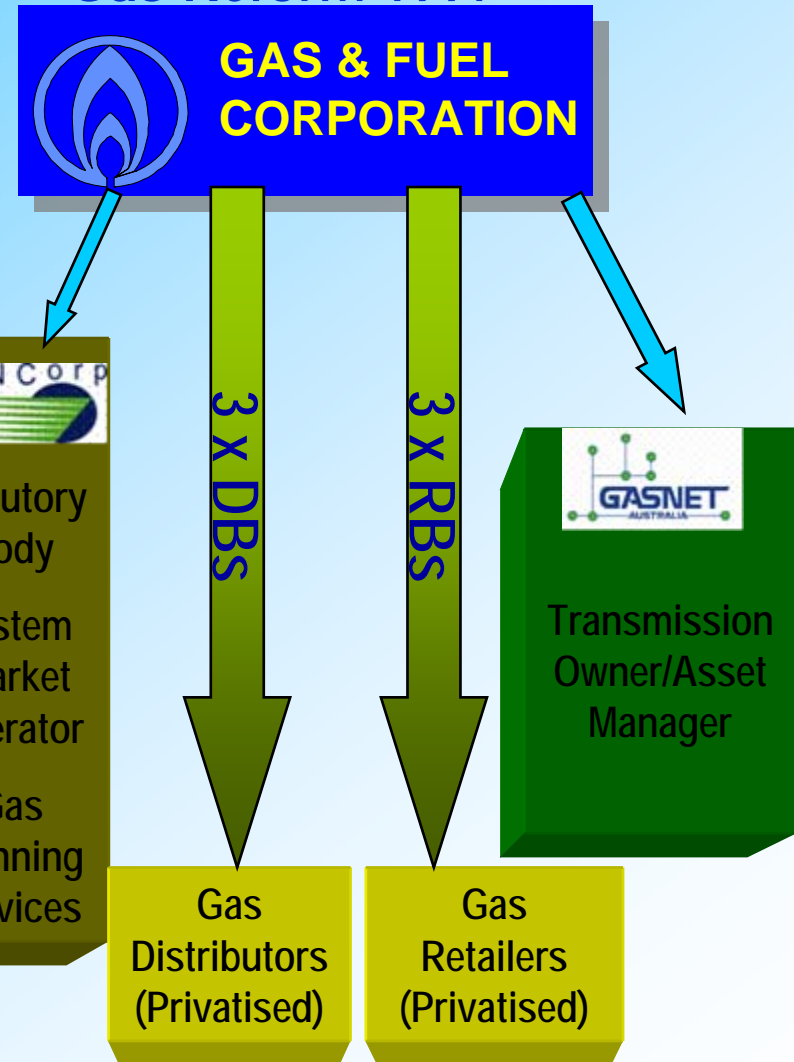
Victorian Energy Reform

a brief history, 1994 - 2008

Electricity Reform 1994

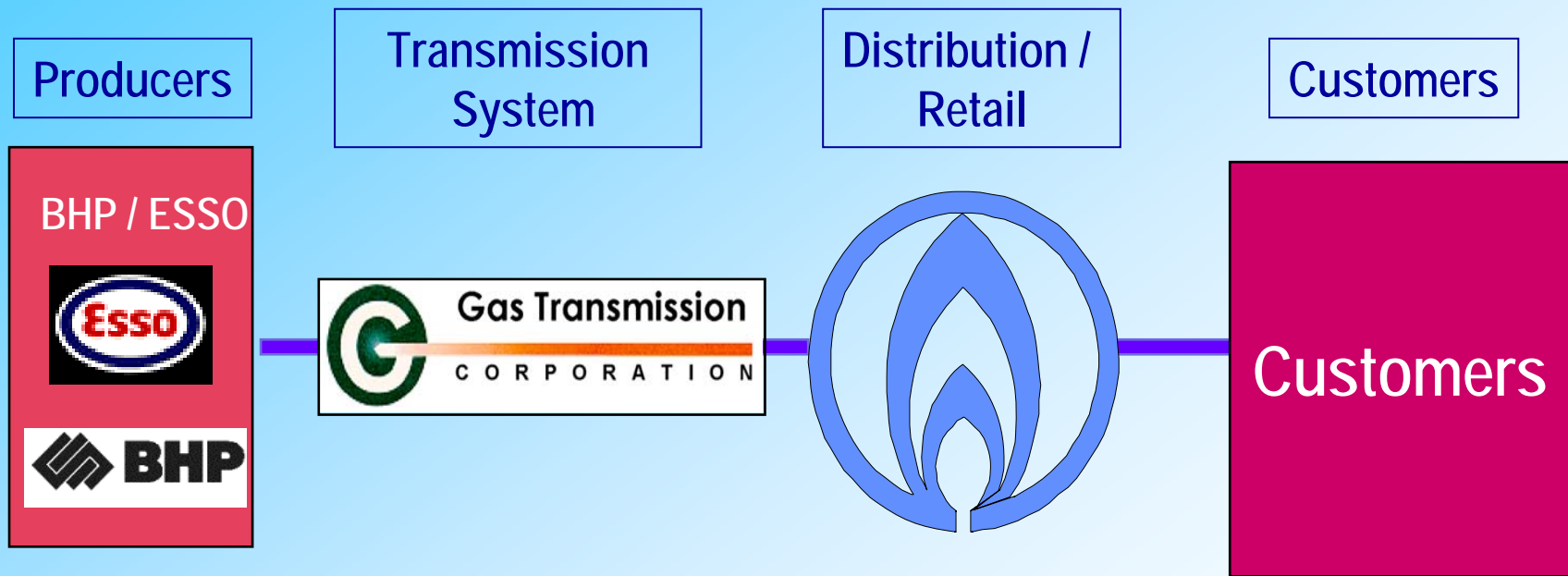


Gas Reform 1997

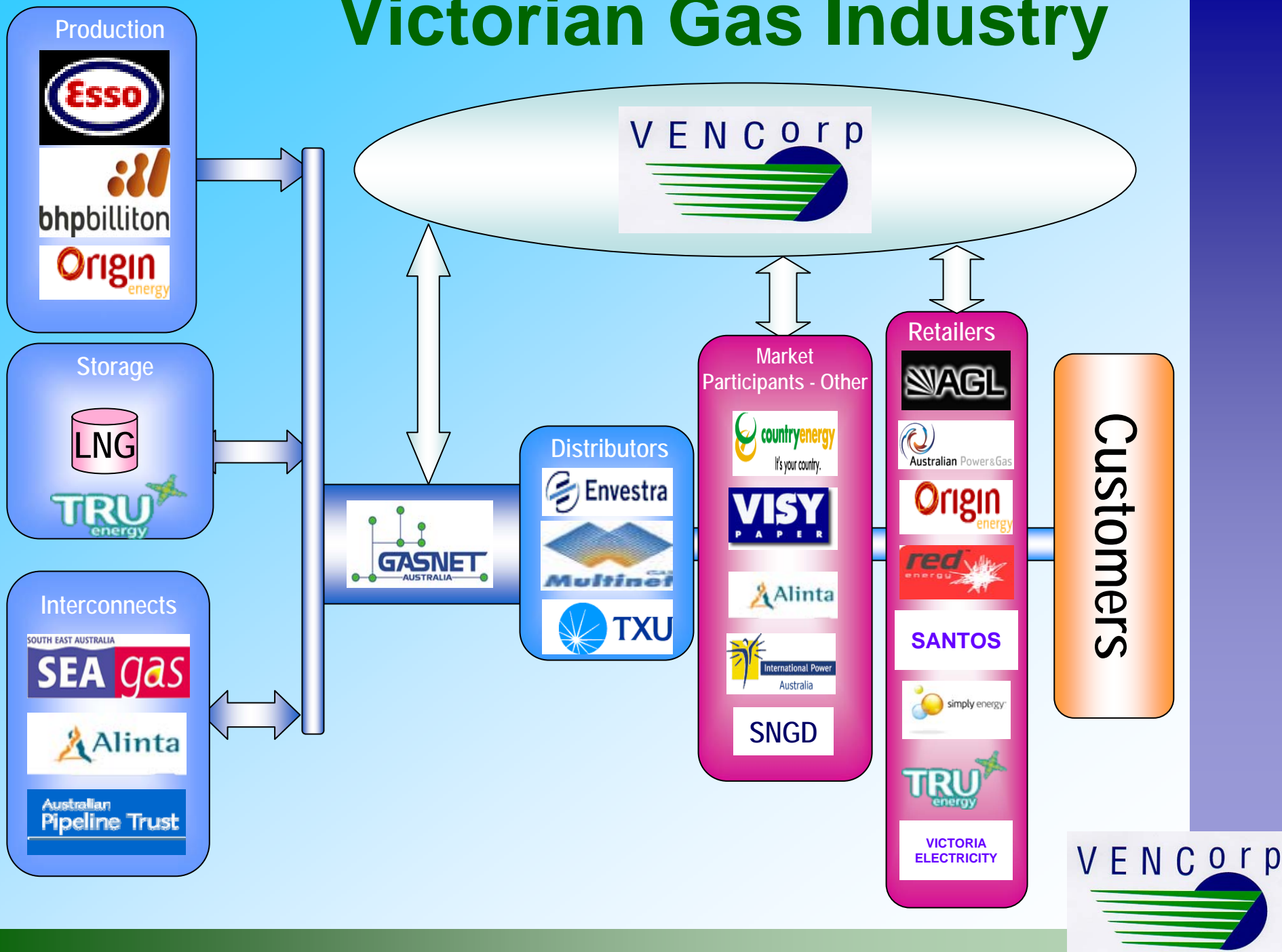


Dual Fuel + New Entrant RBs

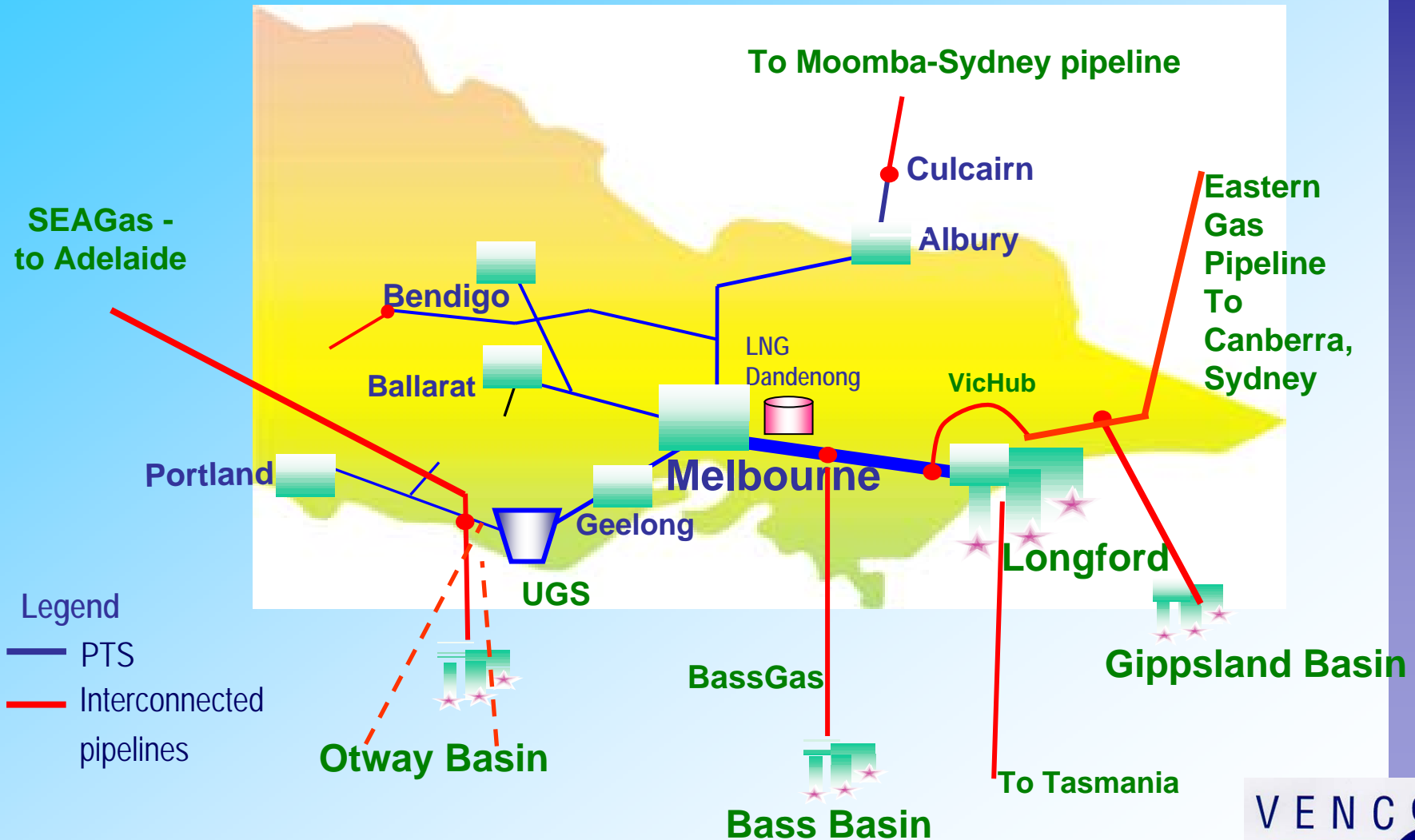
Victorian Gas Industry Pre-Reform



Victorian Gas Industry



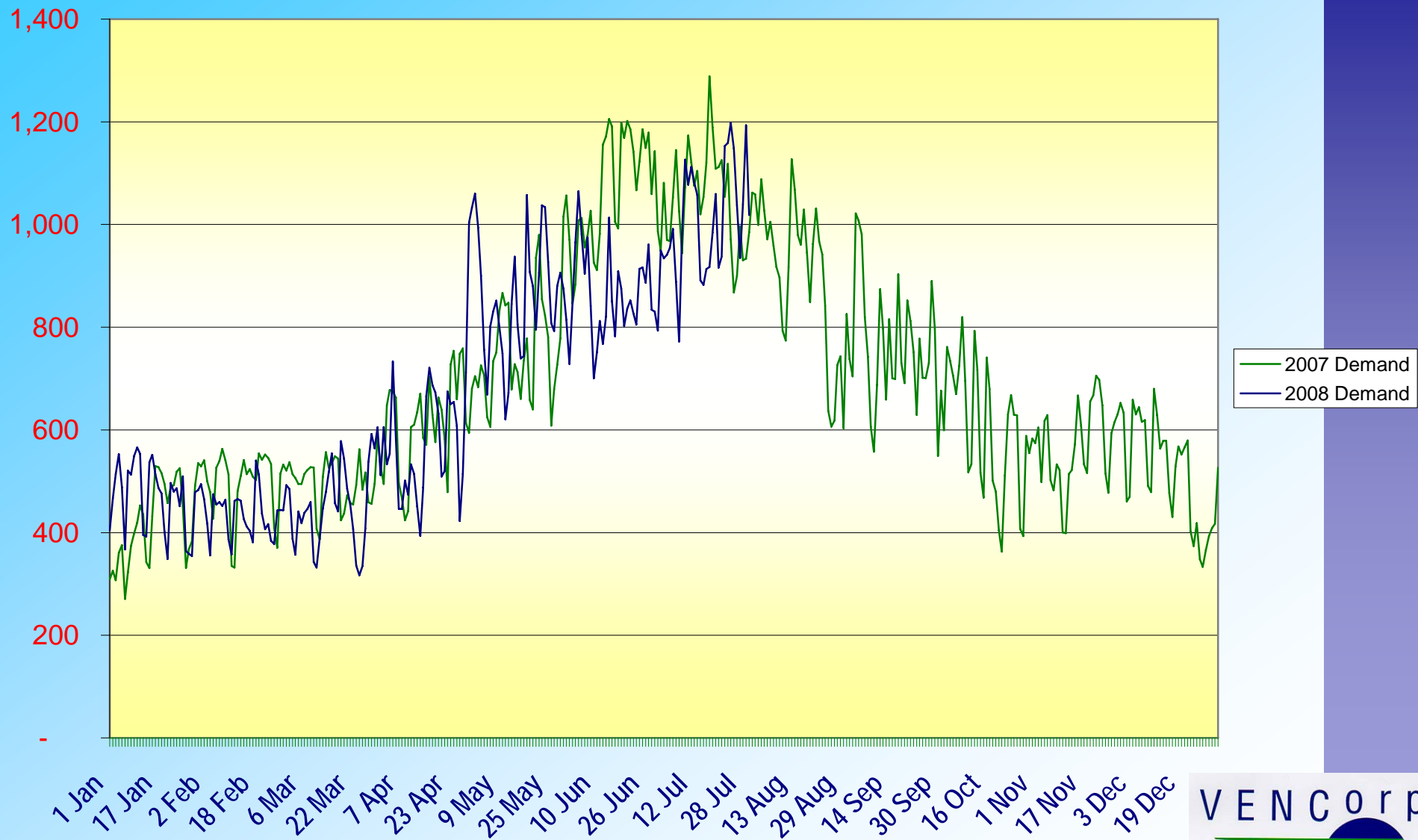
Victorian Principal Transmission System



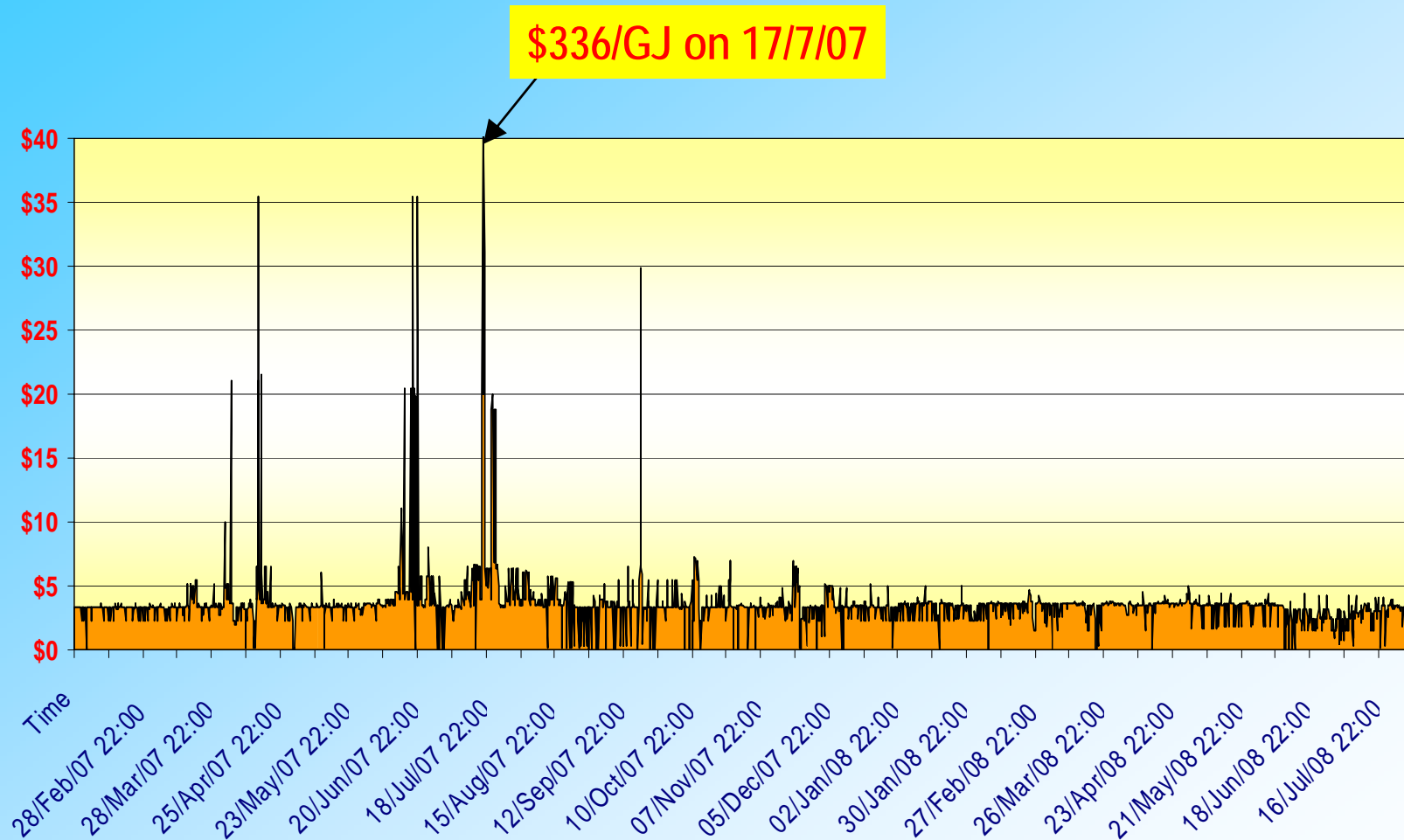
Gas Spot Market Fundamentals

- Daily market
- Five scheduling horizons/day
- Participants submit:
 - demand forecasts
 - bids/offers for injections/controllable demand
- VENCorp schedules, determines ex-ante price
- Ex-ante price applies to scheduled imbalances
(= injections-withdrawals)
- Participants pay for deviations from schedule during each interval at next interval price

Victorian Daily Gas Demand



Victorian Gas Spot Market Prices



Towards a National Energy Market

- Ministerial Council on Energy (MCE) accelerated gas reform 2004
- State-based regulation going national
 - Australian Energy Market Commission
 - Australian Energy Regulator
- National Gas Emergency Response Advisory Committee
- Gas Market Leaders Group
 - National Bulletin Board
 - Short Term Trading Market (STTM)
- Australian Energy Market Operator
 - Gas and Electricity



Australian Energy Market Operator

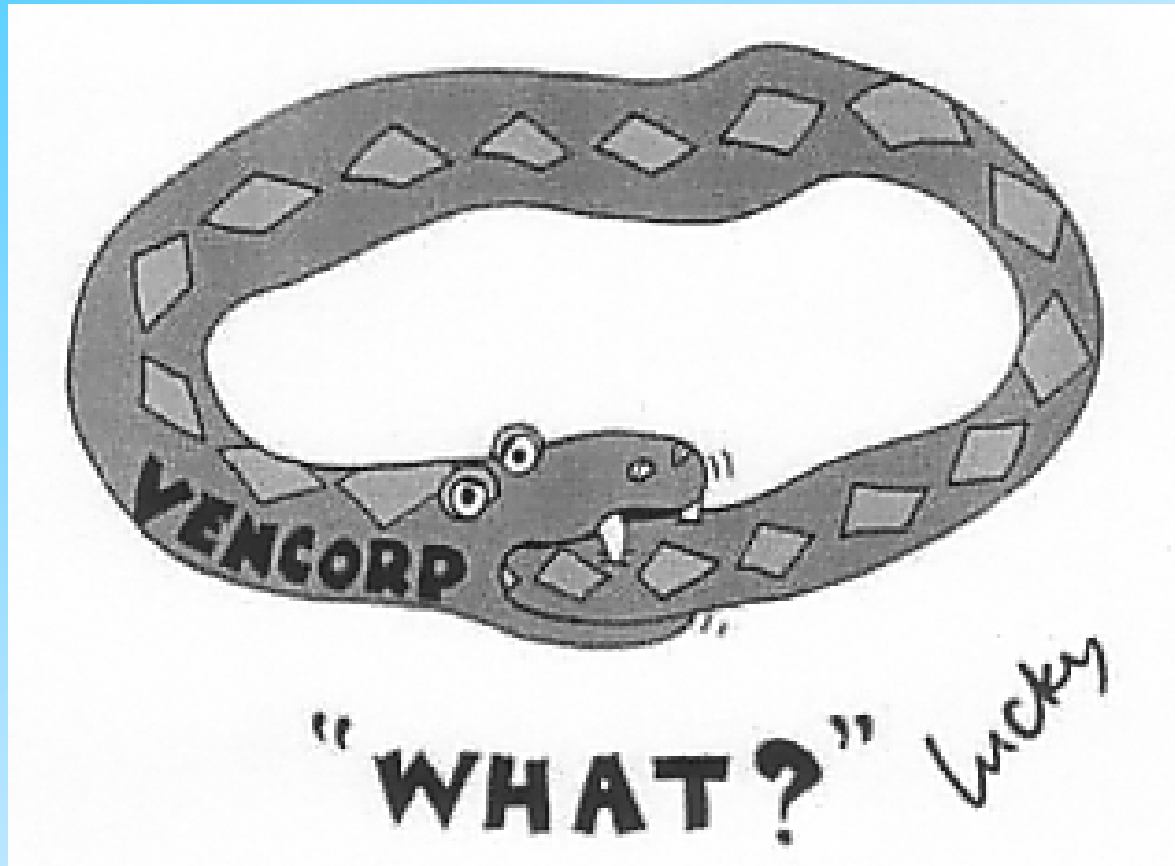
- Functions of VENCorp, NEMMCO, GMC and REMMCo (and more)
 - Electricity and gas market operation
 - Facilitate retail competition (gas and electricity)
 - National Transmission Planner (electricity)
 - National gas bulletin board
 - Gas Short Term Trading Market
 - Gas Statement of Opportunities
- Operational July 2009
- Company limited by Guarantee
- Ownership
 - 60% Government (Commonwealth and States)
 - 40% industry
- Board selected by independent panel to agreed skills matrix

Bulletin Board

www.gasbb.com.au

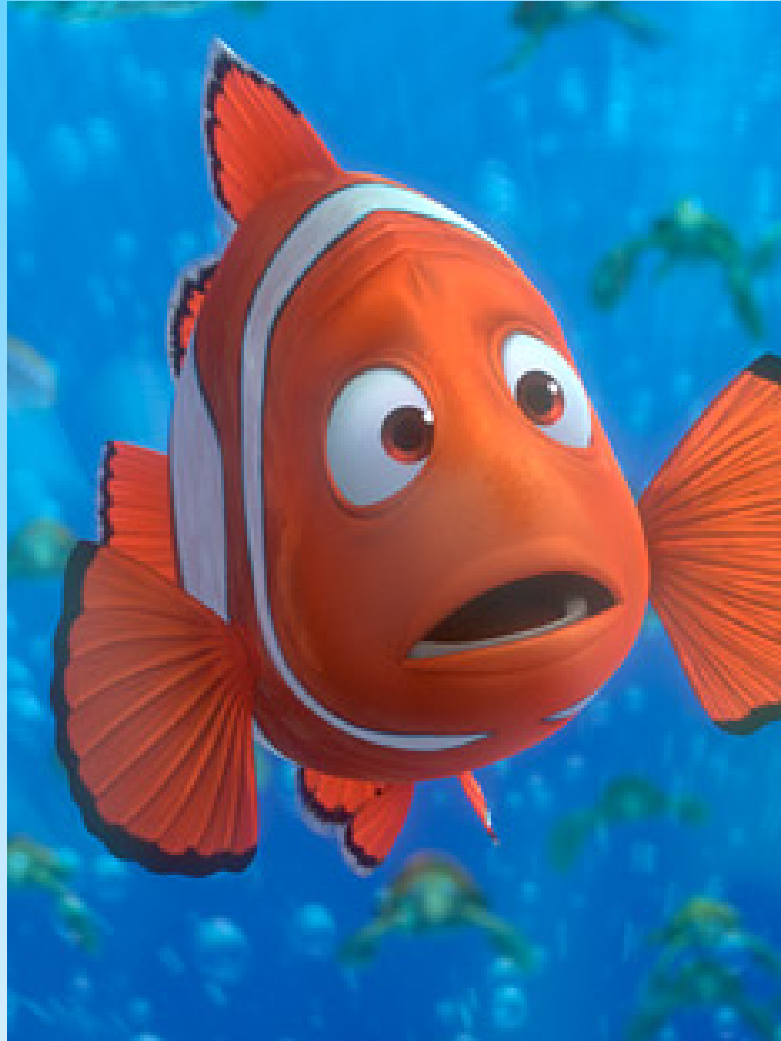


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Gas Week 22/2/02

AEMO
to.....~~NEMO~~? (2009)



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