

CLAUSE NOTES

Energy Co-Ordination and Planning Amendment Bill 2018

- Clause 1** Provides the short title for the Act as the *Energy Co-ordination and Planning Amendment Act 2018*.
- Clause 2** Provides that the Act will commence on the date of its Royal Assent.
- Clause 3** Provides that the Act being amended (the Principal Act) is the *Energy Co-ordination and Planning Act 1995*.
- Clause 4** Provides for the amendment of Section 3 of the Principal Act to include the meaning of new terms introduced in the Act, as drafted in subclauses (a) through (d).
- The terms “Assessor”, “Co-ordinator”, “HRL”, “PSL” and “recovery plan” are defined in way that is consistent with the Energy Security Risk Response Framework as presented in the *Tasmanian Energy Security Taskforce Final Report – June 2017*.
- The terms “energy in storage” and “headwater storage” have the same meaning as in the *Electricity Supply Industry Regulations 2008*.
- Clause 5** Provides for the amendment of the Principal Act by the insertion of a new section 3A.
- This new section provides that the High Reliability Level and the Prudent Storage Level will be defined by Ministerial Order, which will specify a given level of energy in storage for each level for each calendar month.
- The initial determination of the levels was provided by the Minister on advice from the Taskforce, and would be subject to review in the event of a material change in either overall demand or available generation.
- Clause 6** Provides for the amendment of the Principal Act by the insertion of a new Part 2A – Monitor and Assessor for Energy Security and Energy Security Co-ordinator.

Division 1 Monitor and Assessor for Energy Security

Section 8A Establishes the role of the Monitor and Assessor and appoints the Tasmanian Economic Regulator to undertake its functions under the Act.

Section 8B Provides for the Assessor’s functions and powers in subsections (1) through (2).

Section 8B(1)(a) Provides that the Assessor is to monitor and report on energy in storage and other sources of energy. This could include wind and gas generation of electricity, as well as electricity imported from other jurisdictions.

- Section 8B(1)(b)** Provides that the Assessor is to assess the adequacy of energy in storage to meet forecast demand for electricity in the context of all sources of electricity supply. This includes an assessment of the generation capacity of the hydro-electric system based on the relative distribution of energy in storage across the storages, and other sources of generation including gas, wind and interconnection.
- Section 8B(1)(c)** Provides that the Assessor is to require Hydro Tasmania to provide recovery plans in accordance with subsection 8F.
- Section 8B(1)(d)** Provides that the Assessor is to provide the Co-ordinator with a copy of any recovery plan and the Assessor's advice on the quality of the recovery plan.
- Section 8B(1)(e)** Provides that the Assessor is to notify the Co-ordinator when energy in storage is likely to fall below the HRL.
- Section 8B(1)(f)** Provides that the Assessor is to advise the Minister if it believes that an amended order setting the PSL and HRL is required.
- Section 8B(1)(g)** Provides that other functions for the Assessor may be prescribed. No additional functions are yet prescribed.
- Section 8B(2)** Provides that the Assessor has the power to do anything necessary in order to carry out his or her functions.
- Section 8C(1)** Provides that the Assessor is to publish on the Regulator's website a monthly report in respect of energy in storage.
- Section 8C(2)** Provides that the Assessor must, by 30 November each year, prepare a report on its performance and exercise of powers over the previous 12 months.
- Section 8C(3)** Provides for the matters to be included in a report published under subsection (2) – namely:
- (a) Analysis of forecast energy in storage and demand for energy;
 - (b) The likelihood of energy in storage dropping below the PSL or HRL;
 - (c) A review of changes in energy supply and demand with regard to energy security; and
 - (d) Other things the Assessor thinks appropriate.
- Section 8C(4)** Provides that the Assessor must cause a copy of a report under subsection (2) to be published on the Assessor's website.
- Section 8C(5)** Provides that if the Assessor considers a change in the PSL or HRL to be appropriate, it is to provide advice to the Minister in respect of changing the levels.

Section 8C(6) Provides that if advice is prepared under subsection 8C(5), the Assessor is to consult with Hydro Tasmania. This is to obtain relevant information pertaining to revised levels and other matters that may be relevant.

Division 2 Energy Security Co-ordinator

Section 8D Establishes the office of the Energy Security Co-ordinator and appoints the Director of Energy Planning to undertake its functions.

Section 8E(1) Provides for the Co-ordinator's functions and powers in subsections (1) through (2).

Section 8E(1)(a) Provides that the Co-ordinator is to provide recommendations to the Minister about any actions the Co-ordinator believes should be taken in order to meet the State's energy security requirements.

Section 8E(1)(b) Provides that the Co-ordinator is to manage electricity supply risks when energy in storage is at or below the HRL.

Section 8E(1)(c) Provides that the Co-ordinator is to critically review any recovery plan provided by Hydro Tasmania to the Assessor.

Section 8E(1)(d) Provides that other functions for the Co-ordinator may be prescribed.

Section 8E(2) Provides that the Co-ordinator has the power to do anything necessary in order to carry out his or her functions under the Act.

Division 3 Recovery Plans

Section 8F Provides that if energy in storage is below the PSL and in the Assessor's view there is some probability it will fall below the HRL, the Assessor may require a PSL recovery plan from Hydro Tasmania. If requested to provide such, Hydro Tasmania must provide the Assessor with the PSL recovery plan within the time specified in the request.

Section 8G Provides that if the Assessor believes that there is a reasonable probability that energy in storage will fall below the HRL, the Assessor must request an HRL recovery plan from Hydro Tasmania, and Hydro Tasmania must provide such within the timeframe requested.

Section 8H Provides what a recovery plan (whether PSL or HRL) is to contain as provided for in subsections (a) and (b)) – namely:

- (a) Details about what Hydro Tasmania can itself implement to reduce the consumption of energy in storage.
- (b) Details of any strategies which Hydro Tasmania is aware of to increase generation of electricity from energy sources other than energy in storage. This is to assist in reducing the consumption of energy in storage.

- Section 8I(1)** Provides that the Assessor must, on receipt of an HRL recovery plan, provide the Co-ordinator with a copy of the plan.
- Section 8I(2)** Provides that the Co-ordinator must critically review an HRL recovery plan provided under subsection (1).
- Section 8I(3)** Provides that in reviewing an HRL recovery plan, the Co-ordinator may require information from any person or body it considers necessary in order to evaluate the recovery plan.
- Section 8I(4)** Provides that if the Co-ordinator finds that an HRL recovery plan (provided under subclause (1)) does not adequately address the provisions of subsection 8H, then she or he is to work with Hydro Tasmania to resolve any deficiencies in the HRL recovery plan.
- Section 8I(5)** Provides that once deficiencies in an HRL recovery plan have been rectified (under subclause (4)), it is to be resubmitted to the Assessor.
- Section 8I(6)** Provides that the Assessor, on receipt of an amended HRL recovery plan under subclause (5)), is to provide the amended HRL recovery plan to the Co-ordinator for further review.
- Section 8I(7)** Provides that if the Co-ordinator is satisfied with an HRL recovery plan, or an amended HRL recovery plan, she or he must approve the HRL recovery plan, and advise Hydro Tasmania, the Assessor, and the Minister of that approval.
- Section 8J(1)** Provides that the Co-ordinator must oversee the implementation of any recovery plan she or he approves. For clarity, this applies to both PSL and HRL recovery plans.
- Section 8J(2)** Provides that the Co-ordinator may require of Hydro Tasmania reports about the status or progress of any recovery plan approved under subsection 8I. For clarity, this applies to both PSL and HRL recovery plans.
- Section 8J(3)** Provides that the Co-ordinator must provide reports to the Minister on the implementation of any recovery plan approved under subsection 8I as required by the Minister. For clarity, this applies to both PSL and HRL recovery plans.
- Section 8K** Provides that if the Co-ordinator considers it reasonably probable that energy in storage and associated generating capacity will fall so low that forecast electricity demand in Tasmania will not be met, she or he must advise the Minister of that risk and may recommend any appropriate course of action.

Division 4 Directions from the Minister

- Section 8L(1)** Provides that the Minister may, in writing, give directions to the Assessor and/or the Co-ordinator with respect to the way in which they are to perform their respective functions.

- Section 8L(2)** Provides that directions provided for in subsection (1) may be given generally or specifically.
- Section 8L(3)** Provides that the Assessor and Co-ordinator must undertake their functions in line with any directions under subsection (1).
- Section 8M** Provides that either the Assessor or the Co-ordinator may request of a person any information available to that person, required for the Assessor or the Co-ordinator to undertake their respective functions.
- Section 8N(1)** Provides that the Assessor and Co-ordinator must preserve the confidentiality of information which might affect the competitive position of an electricity entity or another person, or is otherwise commercially sensitive. This information may be taken into account in the production of any report under subsection 8C, and is not intended to restrict the scope of the Assessors reports as provided for that subsection.
- Section 8N(2)** Provides that information provided to the Assessor or Co-ordinator on a confidential basis is not discoverable under the *Right to Information Act 2009*.
- Section 8N(3)** Provides that the preservation of confidentiality provided for in subsection (1) does not apply between persons engaged in the administration of the Act.
- Clause 7** Provides for the amendment of the Principal Act by the insertion of a new section 13A.
- Provides that the Director, whether acting as Director or as Co-ordinator, the Assessor, and anyone else acting in good faith in the administration of the Principal Act as amended by the Act, is not subject to civil liability. However, this provision does not apply to a liability of negligence, or a liability provided for in the Act.
- Clause 8** Provides for the repeal of the Act three hundred and sixty five days after it commences (from which time its provisions will form part of the Principal Act).