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30 MAY 2012

SCER

Standing Council on
Energy and Resources
Chair

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

28 MAY 2012

TRANSMISSION FRAMEWORKS REVIEW

Dear Mr Pierce

Thank you for your letter of 1 May 2012 requesting an amendment to the Terms of Reference for the Transmission Frameworks Review (the Review) seeking a second extension to extend the date by which the review is to be completed, to 31 March 2013. I am replying on behalf of the Ministerial Council on Energy (MCE) in my role as Chair of the Standing Council on Energy and Resources (SCER). In September 2011, the Council of Australian Governments (COAG) created the SCER, which includes Ministers responsible for Energy. These Ministers comprise the membership of the legally enduring MCE.

This letter has been considered in conjunction with your correspondence of 26 March 2012, informing the SCER of potential delays to completing this work.

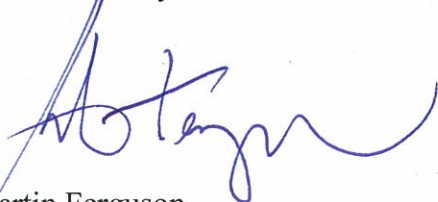
The MCE notes the revised timeframe you have proposed for the report and concurs that it is appropriate that the Australian Energy Market Commission (AEMC) continue with the methodical and highly consultative approach it has taken with the Review to date. The MCE recognises that there are divergent views on the issues being addressed and that undertaking this important review will require dealing with some sensitivities. Testing your analysis and findings through stakeholder engagement will be essential to producing robust outcomes.

The MCE therefore agrees to your request for an extension to the delivery date for the Final Report to 31 March 2013, and notes your intention to attempt to deliver your Final Report prior to this deadline. The MCE asks that you continue to keep its Energy Officials closely advised of your progress. For transparency, the MCE also recommends you publish this approval on your website.

With regard to your comments on process, the MCE notes that it has become practice that the terms of reference for MCE-initiated reviews form part of the specific direction to the AEMC under sections 41 and 42 of the National Electricity Law (NEL). While this may require the AEMC to seek approvals to vary scope and deadlines, we consider this appropriate to the nature of the tasking and accountabilities on both the AEMC and MCE for such work. The MCE would ask for timely advice of potential delays to Energy Officials, so they might be considered in light of SCER's priorities for energy market reform and development.

Thank you for your work on this review to date.

Yours sincerely



Martin Ferguson

Chair

Standing Council on Energy and Resources