

ACCC CONFIRMS THAT CUSTOMERS ARE IMPORTANT

The Energy Users Association of Australia (EUAA) welcomes the ACCC Retail Electricity Pricing Report that confirms customers are important and that delivering better outcomes for them should be the enduring focus of energy market reform.

“The ACCC has conducted an exhaustive investigation into the Australian retail energy market and found that in many cases, customers are not being well served by past decisions that were deemed in their best interest” said EUAA CEO Andrew Richards.

“Over the last decade or so the energy industry, policy makers and regulators have tended to focus on inputs to the energy market believing that what is good for participants must also be good for customers. This ACCC report shows that this approach has failed to deliver many of the promised benefits and that focussing on customer outcomes must be primary driver of policy and regulation.”

The ACCC has made a number of important recommendations, many of which will be complimentary to the National Energy Guarantee, that deserve serious consideration.

Increased powers for the Australian Energy Regulator, improved transparency to address significant information asymmetry, safeguarding against the accumulation of market power and giving commercial and industrial customers more control through the development of demand response markets are all areas where the EUAA have been a long and loud advocate.

The proposal to provide government backed contracts for new generation in certain circumstances has some attraction while the recommendation of asset write downs of government owned networks would undoubtedly deliver some immediate price relief. However, the EUAA would need to understand the potential ramifications, both positive and negative, of such actions by governments, particularly the effect these proposals may have on long-term investor confidence.

“In 2016 the ACCC conducted a similar review into the east coast gas market that lifted the lid on many issues that customer groups had been raising, resulting in many positive changes with more to come. We hope that a similar wave of customer focussed reform will be the result of this report.”

“It is clear that significant, customer centric reform needs to be developed by policy makers and delivered by market participants before customers can be satisfied that energy markets are working for them.”

The EUAA is the peak body representing Australian industrial and commercial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined our members employ over one million Australians, pay annual energy bills in the many billions of dollars and support the development of a lasting national energy and climate change plan that puts downward pressure on electricity costs.

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