

SUBMISSION

ELECTRICITY PRICE MONITORING AND RESPONSE
LEGISLATIVE FRAMEWORK | 9 NOVEMBER 2018

EUAA
Energy Users Association of Australia

Electricity Legislation Consultation
Structural Reform Group
The Treasury
Langton Crescent
Parkes ACT 2600

Via Email: Electricity.Legislation@treasury.gov.au

9 November 2018

The EUAA have reviewed the Electricity price monitoring and response legislative framework consultation paper (consultation paper) and are in general agreement with the overall intent and proposed approach.

The EUAA are strong supporters of increased transparency of energy markets and the strengthening of consumer protections. Energy users often find energy markets to be complex and opaque. This creates a significant information asymmetry between supply and demand participants that naturally prohibits full and fair participation and competition.

We have reviewed the enforcement remedies outlined in the consultation paper and believe that most are appropriate and are likely to lead to better outcomes for consumers.

However, we are not in favour of developing a policy of forcing divestment of energy assets, even under specific circumstances. While the intent of this, to reduce market power of some participants, may have a basis in ACCC Recommendation 1, we do not believe that forcing market participants to sell assets that they have legally acquired and are being operated within the law and regulation, is a sound approach.

If a policy of forced divestiture was to be adopted, we believe it would represent significant and genuine sovereign risk and have profound negative impacts on the investment environment. The EUAA would not support such an approach.

If concentration of market power and an abuse of this power is an issue we suggest government first seek to strengthen competition law in this area. We note that the ACCC have challenged energy asset acquisitions in the past and lost which may indicate that improvements in this area are warranted.

The EUAA would welcome further engagement on these issues if required.



Andrew Richards

CEO

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