



Retail Electricity Pricing Inquiry large user forum - Adelaide

This document is not a verbatim record of the forum but a summary of the issues raised by forum attendees.
The views and opinions expressed are those of the attendees and do not reflect the ACCC's views or position on the issues summarised here.

Monday 31 July 2017, 1:00pm – 3:00pm
Rydges Hotel
1 South Terrace, South Terrace, Adelaide, SA

Attendees

Australian Competition and Consumer Commission

Roger Featherston, Chairman

Jim Cox, ACCC Associate Commissioner, AER Board Member

ACCC staff: Baethan Mullen, Rebecca Holland, Tania Jeffries, Romina Bognolo

Interested parties

Approximately 25 interested parties attended the forum

Introduction

Commissioner Roger Featherston welcomed attendees, introduced Mr Cox and ACCC staff present and outlined the purpose of the forum. Attendees were informed that the matters discussed at the forum would be recorded for the ACCC's purposes, but that this summary would not identify or attribute comments to individuals.

Baethan Mullen, General Manager, Retail Electricity Pricing Inquiry, gave an update on the Inquiry and an overview of submissions received in response to the ACCC's Issues Paper. A summary of submissions is available on the [ACCC website](#).

Andrew McKenna, Business SA, gave an overview of the issues that businesses are facing in South Australia in relation to electricity pricing and what Business SA considers the ACCC should look at as part of its inquiry. Mr McKenna stressed that the impact of rising electricity prices is being felt by all businesses, not just small businesses. Mr McKenna also stressed the need for transparent pricing data for large users, at present there is a lack of information available about how retail prices for large users are calculated. Mr McKenna stated that a

realistic outcome for the ACCC inquiry is more competition, particularly in the wholesale market.

Commissioner Roger Featherston invited the attendees to contribute comments in response to the topics of interest to the Inquiry.

Summary of issues

Attendees discussed the following issues at the forum.

Impact of price increases on electricity customers

- Businesses are greatly impacted by increasing electricity prices and these businesses can be both small and large users. Large users that do not acquire sufficient energy to engage directly in the spot market are in a difficult position.
- Large users are price takers. In South Australia there aren't many offers they can choose from, offers are usually made by only AGL and Origin. If one tenderer withdraws, then large users have no choice.
- Energy companies responding to requests for tender often only give a short time frame within which a business must accept. This has also been the case when local government have conducted a tender process for an energy provider.
- Some businesses are no longer concerned about environmental issues, their primary concern is affordable and reliable electricity as industry and jobs are under threat.
- More retailers need to be able to offer firm contracts in South Australia.

Transparency around offers and bills

- Businesses generally cannot reduce or shift their usage and so cannot take advantage of off-peak tariffs.
- Networks are often blamed for high prices but energy retailers do not provide transparent bills, so users cannot see how much of a bill is attributed to network costs.
- In some cases, users that are able to take advantage of off-peak tariffs are given single rate tariffs so could not manage their load anymore.
- Retailers have previously told users that if the network businesses charge a flat tariff then the retail tariff must be flat when there is no connection between the two tariffs.

Government policy

- Uncertainty around climate change policy means that retailers cannot manage price risk.
- Having a consistent energy policy is important. Large users want wholesale adoption of the recommendations made by the Finkel panel in order to ensure consistency of policy.
- Inconsistent energy rules between jurisdictions also cause difficulties for retailers.

South Australia

- The physical location of South Australia means it has a narrow pool of energy retailers to choose from. There are risks for smaller energy retailers entering the

market (primarily a lack of baseload power) so many large users in South Australia only have a choice of AGL and Origin.

- There have been gas shortages in recent times, which have increased the price of electricity. The withdrawal of Alinta had an impact.
- Retailers do not have firm access to gas-fired generation so the price is variable.
- The hedging market in South Australia is limited.
- South Australia needs to have mechanisms to enable renewable generation to work as baseload generation.

Commissioner Featherston closed the forum by thanking the attendees for their contribution and inviting anyone who wanted to speak privately to approach ACCC staff to discuss.