

Department of State Growth

OFFICE OF ENERGY PLANNING

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Electricity Markets Branch  
Australian Competition & Consumer Commission  
GPO Box 3648  
Sydney NSW 2001

Attention: Michael Drake

### **ACCC monitoring of electricity supply in the NEM – Discussion Paper**

Dear Sir

I am pleased to provide feedback on some of the issues raised in the discussion paper, and to provide some further context on the Tasmanian electricity arrangements, which I hope will assist the Commission.

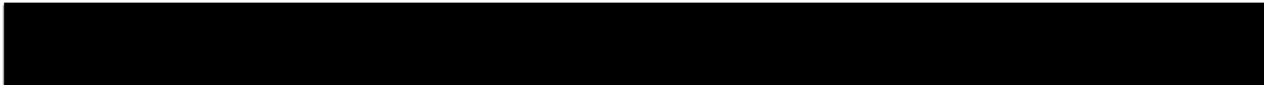
Small customers (ie all residential customers, and business customers with annual consumption less than 150 MWh per year) on mainland Tasmania currently receive their electricity supply under either a regulated standard retail contract or a market retail contract. The Tasmanian Economic Regulator approves the maximum standing offer prices that Aurora Energy may charge customers on standard retail contracts. In addition, the *Electricity Supply Industry Amendment (Price Cap) Act 2018* restricts any increase in the maximum approved price to no more than CPI. This restriction applies until 2020-21.

Under the Tasmanian wholesale contract regulatory framework, the Tasmanian Economic Regulator regulates a number of electricity contracts that Hydro Tasmania must offer to electricity market participants. Regulation includes the setting of maximum prices that Hydro Tasmania can charge for these regulated contract products. Hydro Tasmania can also offer unregulated contracts.

The Tasmanian Economic Regulator conducts twice-yearly reporting which compares the Tasmanian regulated electricity tariffs with other Australian jurisdictions. These reports are available on the Office of the Tasmanian Economic Regulator's website, which can be accessed at <https://www.economicregulator.tas.gov.au/electricity/reports/price-comparisons/standing-offer-price-comparison-reports>

As a National Electricity Market (NEM) jurisdiction, Tasmania is unique in terms of the reliance on hydrological inflows for the generation of electricity. In no other NEM jurisdiction is a single company (Hydro Tasmania) responsible for such a significant proportion of all generation output within the region, including control of interconnector flows, and is the dominant counterparty for wholesale contracts.

Regarding retail pricing, I support an approach that provides comparison of unit rates as opposed to total bills. Cross-jurisdictional comparisons using total bills can suggest that unit rates in a jurisdiction with high consumption, such as Tasmania, are higher than jurisdictions with a lower consumption rate. It should be noted that unlike other NEM jurisdictions, including those with comparable climates, Tasmanian residential customers are electricity dependent, as there is still only restricted availability of reticulated natural gas.



Yours sincerely



**Executive Director  
Office of Energy Planning**

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