



## TREASURER

Mr Rod Sims  
Chair  
Australian Competition and Consumer Commission  
GPO Box 3131  
CANBERRA ACT

Dear Mr Sims

I am writing to require the Australian Competition and Consumer Commission (ACCC) to hold a public inquiry into the prices, profits and margins in the supply of electricity in the National Electricity Market (NEM) pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010* (CCA).

I enclose a notice under section 95H(1) of the CCA identifying the matters the inquiry is to consider and when the inquiry is to be completed.

The inquiry will monitor and report on the supply of retail and wholesale electricity in the NEM as the market undergoes a significant period of transition over the period to 2025. This will include consideration of the effects of policy changes in the National Electricity Market, including those resulting from recommendations made by the ACCC from its Retail Electricity Pricing Inquiry report of July 2018.

The ACCC is to provide its first report by 31 March 2019 and at least every six months thereafter until the conclusion of the inquiry on 31 August 2025. The ACCC will also provide information to the market as appropriate. I understand the ACCC will require additional resources and ASL to undertake this inquiry.

I have copied this letter to the Prime Minister and the Minister for the Environment and Energy.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Morrison', written in a cursive style.

The Hon Scott Morrison MP

20 / 8 / 2018

COMPETITION AND CONSUMER ACT 2010

INQUIRY INTO ELECTRICITY SUPPLY IN AUSTRALIA

I, Scott Morrison, Treasurer, pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010*, hereby require the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into prices, profits and margins in relation to the supply of electricity in the National Electricity Market.

Matters to be monitored and taken into consideration in the inquiry include but are not limited to:

- i. electricity prices faced by customers in the National Energy Market including both the level and the spread of price offers, analysing how wholesale prices are influencing retail prices and whether any wholesale cost savings are being passed through to retail customers;
- ii. wholesale market prices including the contributing factors to these such as input costs, bidding behaviour and any other relevant factors;
- iii. the profits being made by electricity generators and retailers and the factors that have contributed to these;
- iv. contract market liquidity, including assessing whether vertically integrated electricity suppliers are restricting competition and new entry; and
- v. the effects of policy changes in the National Electricity Market, including those resulting from recommendations made by the ACCC in its Retail Electricity Pricing Inquiry report of July 2018.

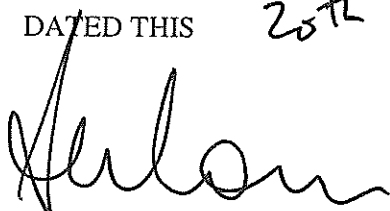
Where appropriate, the inquiry will make recommendations to government(s) to take any proportional and targeted action considered necessary to remedy any failure by market participant(s) (or the market as a whole) to deliver competitive and efficient electricity prices for customers.

The ACCC should make use of publicly available information, including that published by the Australian Energy Regulator, the Australian Energy Market Commission or the Australian Energy Market Operator, where appropriate.

This is not to be an inquiry into supply by any particular person or persons, or by a State or Territory Authority.

The inquiry is to commence today. The inquiry is to provide its first report to me by 31 March 2019 and no less frequently than every six months thereafter. The first report should focus on setting out the analytical framework for monitoring and provide information about expectations of market outcomes and market participant behaviour. The inquiry should also provide information to the market as appropriate. The inquiry is to conclude and provide its final report by 31 August 2025.

DATED THIS 25<sup>th</sup> DAY OF August 2018



SCOTT MORRISON  
Treasurer