

19 December 2018

Rod Sims  
Chair  
Australian Competition and Consumer Commission  
23 Marcus Clarke Street  
Canberra ACT 2601

## **Submission to the monitoring of electricity supply in the National Electricity Market Discussion paper**

Dear Mr Sims,

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission's monitoring of electricity supply in the National Electricity Market.

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

We support a competitive energy marketplace underpinned by reliable reporting which accurately represents the market. Reporting of this nature enables parties to understand the circumstances of the market and potentially make better, more efficient decisions.

Energy Networks Australia is concerned that the ACCC's discussion paper plans to monitor the impact of "Voluntary write downs of network overinvestment, including by the NSW, Queensland and Tasmanian governments (or equivalent rebates)".

In the COAG meeting on the 10<sup>th</sup> of August it was agreed that 16 recommendations would be quickly progressed. Recommendation number 11, that the Queensland, NSW and Tasmanian governments should undertake voluntary write-downs or should receive rebates was not one of these 16 recommendations. Recommendation 11 has not been endorsed by the COAG Energy Council. As a result, we find it unsuitable that the ACCC is proposing to monitor an intergovernmental policy matter relating to asset write-downs given that they have not been approved by the COAG Energy Council.

As the ACCC report discussed, the 'overinvestment' in network infrastructure was an investment in good faith to meet reliability targets that were mandated by governments. As the ACCC has found, a policy of forced write-downs has the potential to significantly undermine investor confidence in the energy network sector and beyond, preventing or raising the cost of financing future necessary investment for infrastructure customers over the long-term.

We would also like to emphasise the importance of network tariff reform given the Commonwealth's acceptance of the default market offer recommendation. Cost-

reflective tariffs send the right price signals and encourage efficient use of energy, as highlighted by recommendation 14 of the ACCC report.

We understand the trade-off between simplicity which the default market offer aims to achieve, and efficient price signals which are beneficial to the energy system as a whole. As such, the default market offer, however applied, should retain the capability for cost-reflective tariffs to be implemented for the network component of the offer to ensure their benefits can be delivered.

We would welcome the opportunity to be involved with the ACCC as the development of the electricity market monitoring report is progressed.

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Yours sincerely,

[Redacted name]

[Redacted title]

CEO