



Retail Electricity Pricing Inquiry public forum - Melbourne

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.

Thursday 3 August 2017, 5:00pm – 7:00pm
Hotel Rendezvous
238 Flinders Street, Melbourne, VIC

Attendees

Australian Competition and Consumer Commission

Rod Sims, Chairman

Roger Featherston, Commissioner

ACCC staff: Rebecca Holland, Saraj Bhullar, Geoff Dellar, Rachel Desmond, Michael Drake, Ed Mayne

Interested parties

Approximately 40 interested parties attended the forum.

Introduction

Chairman Rod Sims welcomed attendees and outlined the purpose of the forum. Attendees were informed that the matters discussed at the forum would be recorded and a summary placed on the ACCC's website, but that this summary would not identify or attribute comments to individuals.

Rebecca Holland, Director, Retail Electricity Pricing Inquiry, gave an update on the inquiry and an overview of submissions. A summary of submissions is available on the [ACCC website](#).

Gavin Dufty, St Vincent de Paul Society, outlined the issues that St Vincent de Paul has found during the ten years of running its 'Tariff Tracker' project. Mr Dufty noted a number of issues that St Vincent de Paul would like the ACCC's inquiry to focus on, including the spread of customers on each tariff type, whether customers benefit from increased

complexity in offers and new technology, whether retailers are targeting certain customers to put them in a better position than retailers that supply all customers, whether retailers charge higher prices in one state to subsidise activities in other states and ways to improve information and transparency in the wholesale electricity market.

Jos de Bruin, Master Grocers Australia, stated that members of Master Grocers are facing extremely large price increases that are in the vicinity of 40 per cent. Businesses also find it difficult to understand bills and electricity pricing. Businesses can't find a solution to the issue. Mr de Bruin stated that for businesses, there is little that they can do to avoid increasing electricity costs and they must either raise their prices or cut staff costs.

Sarah McNamara, Australian Energy Council, stated that the industry welcomes the Inquiry, as it is an opportunity to clarify how the sector operates and the level of competition in the market. Ms McNamara explained that retailers must manage risk in the wholesale market. Risk management has become more difficult for retailers as a result of declining baseload supply and increasing variable renewable supply. Retailers believe investment in new generation has been limited as a result of policy uncertainty. When this is addressed there will be new investment in generation.

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.

Price increases and impact on electricity customers

- The ACCC should look at the water market to see if any learnings can be applied to retail electricity. Financial counsellors get a lot of cases of people who have large bills and are struggling to pay their electricity bills but they do not receive the same number in relation to water bills.
- Businesses are facing significant electricity price increases, much higher than the increases for residential customers. Off-peak rates can now be more expensive than peak rates. The increased costs for businesses make it difficult to remain viable.
- The closure of the Hazelwood power station has contributed to price increases, but this was a recent event, and does not explain all price increases over the past decade.
- Electricity retailers could make their tariffs simpler and do more to absorb costs of network businesses and generators.
- Peak tariff times have not changed in the last 50 years even though there have been changes in consumption patterns and other technology.
- Concession schemes interact with retail electricity prices and are theoretically designed to help vulnerable consumers afford electricity.

Transparency around offers and bills

- The electricity retail market is very complex. Other industries have been very complex in the past but have improved through competition. The retail electricity market has not become less complex since competition was introduced.

- There is no billing transparency and both large and small customers have difficulty understanding how retail charges are calculated. Some form of price comparison rate would be beneficial.
- At times, electricity retailers estimate usage rather than checking the meter and this leads to higher bills.
- The price comparison websites work well but some degree of knowledge is required to use them. There are also barriers to accessing them for some consumers.
- Consumers would like more choice and less confusion. Consumers only want simple comparison pricing, not complex comparisons.
- The practices of telemarketers and door to door sellers are intrusive.

Privatisation

- There is more than enough evidence to show privatisation of electricity has not worked.
- Government owned retailers and generators placed more emphasis on maintenance than the privatised generators and networks. This is not the case with the privatised entities.

Environmental targets

- The renewable energy target (**RET**) has driven up driven prices. There is no evidence the RET will reduce global temperatures or reduce pollution.
- There needs to be more transparency around what contributes to feed-in tariffs, and the discrepancy between feed-in tariffs and the retail price.
- Research indicates there are more subsidies for renewable energy but we don't have the technology to move to all renewable energy right now.

Other Issues

- Businesses also have difficulties managing the costs associated with power outages. The ACCC should look into the wholesale market. There are frequent outages and spikes in electricity supply and these are a significant cost to business.
- The extremely regulated nature of network tariffs discourages innovation.
- Damage to major infrastructure could threaten system security and supply. This may lead to safety issues.
- Smart meters use a lot of energy and therefore add an additional expense.

Chairman Sims closed the forum by inviting attendees to contact the ACCC separately if they had further comments to contribute. He invited attendees to remain for discussions with ACCC staff.