



# Scott Emerson MP

MEMBER FOR INDOOROOPILLY

10 July 2017

Mr Rod Sims  
Chairman  
Australian Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

Dear Mr Sims

I refer to the Australian Competition and Consumer Commission's (ACCC) Electricity Supply and Prices Public Inquiry.

I note the Terms of Reference for the Inquiry, as set by Treasurer Scott Morrison, state that matters to be taken into consideration in the Inquiry must include, inter alia, "the operation and competitiveness of the wholesale electricity market". I also draw your attention to matter iv) "the existence of, or potential for, anti-competitive behaviour by market participants and the impact of such behaviour on electricity consumers".

I am writing to specifically emphasise the unprecedented price spike in Queensland wholesale electricity prices during the 2016/17 financial year, which saw Queensland's wholesale prices averaging \$108 per MWh in the nine months to 31 March 2017. This is a 70% increase from the 2015/16 financial year.

There is significant concern in the community that government-owned electricity generators CS Energy and Stanwell have been using their significant market power to drive up wholesale electricity prices. The Queensland Government generators represent around two-thirds of generation capacity in our state.

The Australian Energy Regulator has been required to undertake a number of reviews into electricity spot prices in Queensland over the past 12 months due to the electricity spot market price exceeding \$5,000/MWh. The AER found that "these high prices were caused by reductions in low priced capacity" or that "capacity was rebid from low to high prices for each high priced period, which contributed to the price outcomes". The actions of CS Energy and Stanwell contributed to these higher electricity prices, most notably on 13 January, 2017 and 14 January, 2017.

Importantly, the Australian Energy Regulator is only required to investigate when the spot market price has exceeded \$5,000/MWh. As such, there may be many instances where spot market prices did not exceed \$5,000/MWh but the actions of CS Energy and Stanwell may have forced up electricity prices.

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**Your hard working local MP**



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In the past 24 months, there have been significant changes to the capital structures of CS Energy and Stanwell and the dividend policies for these Government Owned Corporations. These additional business pressures may be contributing to CS Energy and Stanwell using their market power to drive up prices to improve their profitability, in the face of additional debt burdens and a 100% dividend policy (Stanwell only).

I trust the ACCC will closely look at the conduct of CS Energy and Stanwell, the market power they wield and the impact this market power has had on the unprecedented spike in wholesale electricity market in Queensland during the 2016/17 financial year.

If the ACCC requires further information about this matter please contact Mr Matthew Jeffries, Director of Policy for the Queensland Opposition on 07 3838 6711.

Yours sincerely

A handwritten signature in blue ink that reads "Scott Emerson". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Scott Emerson MP  
Shadow Treasurer and  
Shadow Minister for Small Business

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