

## ACCC monitoring of electricity supply - discussion paper

### Introduction

The Federal Government has tasked the Australian Competition and Consumer Commission (ACCC) with monitoring and reporting on the supply of retail and wholesale electricity in Queensland, NSW, Victoria, South Australia, Tasmania, and the ACT, until 2025. It will have a focus on monitoring prices, profits and margins, including the effect of policy changes in the National Electricity Market (NEM). The ACCC is seeking views on the approach that it should take to monitor the electricity market.

Vocus Group Limited (Vocus) is an ASX listed, vertically integrated telecommunications provider, operating in the Australian and New Zealand markets. In Australia, Vocus owns an energy retailer M2 Energy Pty Ltd, trading as Dodo Power & Gas and Commander Power & Gas. Our energy products are targeted to residential consumers in Victoria, New South Wales, South Australia and South-East Queensland through our Dodo brand. The Dodo brand was relaunched in August 2018 to drive broadband sales, as well as being the basis for cross selling products including energy.

As a challenger in the energy retail sector, Vocus welcomes the opportunity to provide a response to some of the matters canvassed in the ACCC's discussion paper released on 21 November 2018.

Question	Vocus Response
<p><i>Measures the ACCC will use</i></p> <p>The ACCC has invited views on current overlapping and inconsistent methodologies to market monitoring and suggestions for preferred approaches.</p>	<p>Vocus agrees that a consistent NEM-wide approach to retail price monitoring is appropriate.</p> <p>However, Vocus submits that the ACCC needs to carefully consider trends concerning wholesale electricity and network costs given the significant impact these inputs have on retail prices. As set out in the ACCC's Retail Electricity Pricing Inquiry—Final Report, wholesale and network costs have increased 57% over the period from 2007–08 to 2017–18, being three times more than the increase in retail margins<sup>1</sup>.</p>
<p><i>Generation and retail profits</i></p> <p>The ACCC has invited views on analysis of retailer and generator profitability</p>	<p>Vocus agrees that there are challenges in measuring wholesale or retail-specific profits when analysing vertically integrated businesses.</p> <p>Nevertheless, Vocus urges the ACCC to closely monitor "gentailers" as they can design retail pricing structures that take advantage of their vertically integrated structure, particularly in high demand periods.</p>
<p><i>Monitoring the impact of policy developments</i></p> <p>The ACCC has sought feedback on what policy issues are likely to impact on the functioning of the electricity market and should</p>	<p>Vocus strongly supports the ACCC closely monitoring the impact on the market of the implementation of a default market offer price (DMO price). In particular, the ACCC should consider the impact of the DMO price on competition and the ability for smaller retailers to innovate and compete with the Tier 1 retailers.</p>

therefore be a focus of monitoring by the ACCC.

*Process and timing for the collection of the information*

The ACCC has sought feedback on the reporting requirements.

The ACCC is required to produce its first report by 31 March 2019, and then to report no less frequently than every six months. The ACCC expects to provide regular reports in around March and September each year.

As a challenger retailer, Vocus is concerned about the high compliance burden flowing from the introduction of new information requests, in an already heavily-regulated sector.

In this context, Vocus urges the ACCC to ensure that any new reporting requirements on retailers are carefully tailored to ensure any benefits clearly outweigh the additional regulatory costs to business.

We also urge the ACCC to use publicly available information and to request information from other agencies to minimise duplicative or unnecessary costs. For example, the ACCC should not request information that is already provided to the Independent Pricing and Regulatory Tribunal; the Queensland Competition Authority, available in the AEMC's annual Retail Energy Competition Review or on the Federal and Victorian Government energy comparison websites.

Please direct any questions regarding this submission to:

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Regulatory Affairs Manager  
Vocus Group

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**Vocus Group**  
**14 December 2018**

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<sup>i</sup> See Figure A, ACCC Retail Electricity Pricing Inquiry—Final Report, page v