

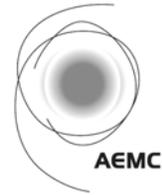
Public forum

Review of the effectiveness of competition in the electricity retail market of the ACT – First Draft Report

Friday, 13 August 2010
Novotel Hotel, Canberra

Agenda

10.00 am	Opening remarks and overview of stakeholder involvement Dr. Brian Spalding, AEMC Commissioner
10.10 am	Overview of statutory requirements James Eastcott, AEMC
10.15 am	Overview of draft findings and evidence in support of findings Anne Pearson, AEMC
10.30 am	Comments from interested parties: <ul style="list-style-type: none">• open discussion on draft findings



Summary of discussion

On 13 August, the Australian Energy Market Commission (AEMC) held a public forum to present the draft findings of its First Draft Report for the AEMC review into the effectiveness of competition in the ACT electricity retail market (ACT Retail Review). The AEMC also sought to obtain views and opinions from stakeholders on the draft findings (as published on 30 July 2010) and related issues at the forum. The AEMC was represented by Dr Brian Spalding (Commissioner), Anne Pearson, and James Eastcott.

Dr Brian Spalding opened the forum and welcomed all participants. In a brief presentation, he outlined the purpose of the AEMC's Retail Reviews, the objective and outline of the forum and the extent of stakeholder involvement in the process to date. He also provided a high level graphical cross-jurisdictional representation of the draft findings.

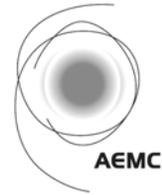
The second presentation was given by AEMC staff on the statutory requirements on the AEMC in undertaking the ACT Retail Review and the MCE assessment criteria that must be utilised. This was followed by a summary of the draft findings of the First Draft Report.

AEMC staff then provided a summary of the evidence for each MCE criteria in support of the draft findings. The presentation was concluded with a synopsis of the process for the ACT Retail Review going forward and reiterated that submissions on the First Draft Report are due by Friday, 27 August 2010.

A copy of all presentations can be found on the AEMC's website.

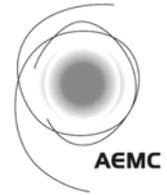
The following issues were raised in the following open discussion:

- The ICRC explained its opposition to the draft finding that the exclusion of an explicit customer acquisition cost was the primary barrier to entry. It stated that the ICRC includes marketing costs in the TFT and that the allocated per customer costs are similar to those in other jurisdictions. The ICRC asked the AEMC to consider other potential aspects of the TFT that may be influencing retailers' perceptions of the ACT electricity retail market.
- A representative from EnergyAustralia noted that the small size of the ACT market is the biggest secondary barrier to entry. The small size means that sales teams are able to cover the territory very quickly, but there is no incentive to maintain operational sales teams as customers would soon become irritated and exasperated with continued door-knocking campaigns.
- The general consensus among participants was that any number of the secondary barriers identified by the AEMC together would in effect act as barrier to entry for a retailer. It was also noted that removal of the TFT may also act to dampen competition, insofar as there is no incentive for the incumbent retailer to increase prices, if this may result in erosion of its market share.
- A number of secondary barriers to entry into the ACT market were discussed. Retailers stated that the reporting and billing requirements for each NEM jurisdiction are slightly different. This adds significant costs to new-entrants and must be collected from customers, which is exacerbated in the case of the ACT by its small size. There was a general consensus from participants that these aspects would improve following the introduction of standard national legislation, such as the National Energy Consumer Framework.



- However, retailers mentioned that there are regulatory differences that will always remain between jurisdictions, such as GreenPower requirements, community service obligations provided within state-based legislation and feed-in-tariffs for renewable energy technologies. It was also noted in this context that a retailer requires a reasonable customer base to recover the implementation costs of these programs.

Dr Brian Spalding thanked all for participating in the Public Forum and reminded interested parties to provide any submissions to the AEMC on the First Draft Report and the accompanying consultant reports by 27 August 2010.



Participants

The AEMC invited all industry stakeholders to attend the Public Forum. The following attended the forum.

Name	Surname	Company
Anne	Pearson	Australian Energy Market Commission
Alastair	Phillips	TRUenergy
Ayesha	Razzaq	ActewAGL Retail
Brian	Spalding	Australian Energy Market Commission
David	de Jongh	Department of Resources, Energy and Tourism (Cth)
David	Graham	ActewAGL Retail
Eli	Hefter	ActewAGL Retail
James	Eastcott	Australian Energy Market Commission
Leanne	Holmes	ActewAGL Retail
Malcolm	Jones	EnergyAustralia
Nick	Convery	EnergyAustralia
Paul	Baxter	Independent Competition and Regulatory Commission (ACT)
Rachael	Turner	ActewAGL Retail
Shelley	Schreiner	Independent Competition and Regulatory Commission (ACT)