



Power of Choice public forum



Overview

- A significant suite of proposed changes
- Could have far-reaching impacts on all levels of supply chain and consumers
- Costs and benefits of major changes need to be fully worked through
- Where industry faces implementation costs, they need to be recoverable



Phase in of flexible pricing

- Better price signals are critical
- Recognise current political climate not favourable
- Practical to take it slowly
- But mandatory rollouts – done well - have scope for greater benefits at lower cost



Rewarding DSP in the wholesale market

- Other participants likely to have to pay for the “reward”
- Will the demand response be sustained?
- Baseline calculation subject to gaming
 - deters other forms of DSP



Rewarding DSP in the wholesale market

- Context of potential oversupply
 - Real *average* wholesale prices lower than a decade ago (ex-carbon)
 - Demand flat/falling (other DSP initiatives likely to increase this trend)
 - Occasional price spikes are necessary in an energy only market to make generation viable



Banding small consumers

- Adds an element of complexity, especially if jurisdictions define bands differently
- Will have to account for movement between bands
- Price caps will need to take account of different bands: tariff types, metering costs



Protecting vulnerable customers

- Support concessions review
- Don't assume that change must be bad for such customers
- Who pays for bill protection?



Metering competition

- Significant change to current arrangements
- Will need to work carefully through issues
- How likely is it that competition will emerge?



Multiple FRMPs

- Significant concerns with the implications
- Not clear how it can work with customer protections as they stand, especially re disconnections



Network incentives

- Major driver should be overall regulatory framework
 - Changes to this are already under consideration
- Additional specific incentives (such as existing DMIS) may be appropriate, but risk of over-complexity



