



AEMC starts retail competition review of NSW energy markets

Issues paper released for stakeholder comment

The AEMC has released an issues paper to initiate its review of competition in the retail electricity and natural gas markets in New South Wales. Stakeholders are invited to make submissions in response to the matters raised in the paper to help inform our understanding of business and customer experiences after 10 years of competition in the NSW retail energy markets. Submissions are due by 8 February 2013.

Focus is on NSW small customers

The focus of the NSW Review is on small customers of electricity and natural gas, including both residential and small business customers. This review will explore how these customers have fared in terms of competitively priced energy, terms of contracts and choice of supplier after a decade of competition in NSW's retail energy markets. An important outcome of the review will be the identification of how NSW energy retail markets could move towards the removal of retail price regulation.

Scope of NSW Review

Our work is in response to a notification from the Federal and State Governments received on 10 October 2012, requesting the AEMC to undertake a review and provide advice on:

- the state of competition and the extent to which it is deemed effective for NSW small customers of electricity and natural gas;
- the availability and take up of time of use tariffs and their impact on competition; and
- based on that assessment, advice on ways in which the effectiveness of competition can be improved (where competition is found to be not effective) as well as possible implementation strategies for the removal of retail price regulation for NSW small customers of electricity and natural gas, regardless of the state of competition. This is to include advice for an option to gradually roll back retail price regulation through a reducing eligible consumption threshold.

Indicative timetable for NSW Review

Stakeholders are invited to make written submissions on the issues paper and include any other relevant information by no later than **8 February 2013**.

The AEMC will release a Draft Report for consultation in mid-2013. The report will detail the AEMC's draft competition assessment and draft advice, and will consider submissions received in response to the Issues Paper. The AEMC must finalise its competition assessment and provide its final advice to energy ministers by 30 September 2013.

Background to AEMC retail competition reviews

Retail competition reviews are conducted in accordance with the framework set out in the Australian Energy Market Agreement. The start of each review is subject to specific approval by the Federal and State Governments of a request for advice and timetable for the individual jurisdiction prior to the start of the review.

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