

## 2016 Retail Competition Review

Consultation on approach and state of competition in retail energy markets

**The AEMC has published an approach paper for the third annual review of energy retail competition in National Electricity Market (NEM) states and territories. The paper sets out our intended approach for the review and seeks stakeholder submissions on our approach and on the state of competition.**

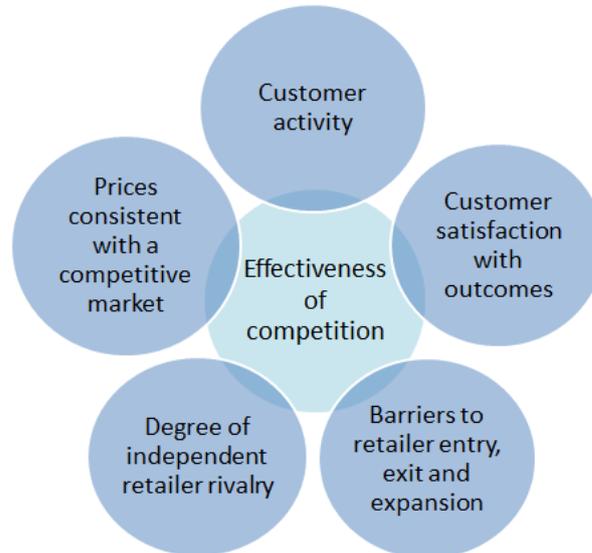
### Consultation

The approach paper published today calls for submissions on our approach to the 2016 Retail Competition Review (2016 review) and on the state of competition in each NEM jurisdiction. Submissions are requested by **4 December 2015**.

### Approach to the assessment of competition

We are seeking stakeholder input on how we can further develop our approach to the 2016 review, building on our approach to the 2014 and 2015 retail competition reviews.

We intend to draw from a range of information sources to form an evidence base to assess the state of competition against the five competitive market indicators shown below.



As has been our approach in previous reviews, no one indicator will be determinative of the effectiveness of competition in a market.

An assessment of competition cannot be based on observing one indicator at one point in time. Multiple indicators are required to form a more complete picture of the state of competition. There are also no 'critical thresholds' for these indicators that tell us when competition is operating effectively. Information on a range of indicators needs to be considered collectively before judgement can be formed on the overall state of competition.

A range of information sources will be used to assess the competitive indicators in each market. These include stakeholder submissions, quantitative customer research, retailer surveys and data provided by ombudsmen, retailers, jurisdictional regulators, the Australian Energy Regulator and the Australian Energy Market Operator.

**We are seeking stakeholder comments on our approach to the review and on the state of competition in each NEM jurisdiction – submissions are due by 4 December 2015.**

We intend to further investigate two significant issues for stakeholders regarding competition in retail energy markets:

- barriers to vulnerable customers effectively engaging with competitive markets and how their experience differs from the experience of other customers; and
- the current and potential impact of new products and services on competition.

## Annual retail competition review process

### Background to the review

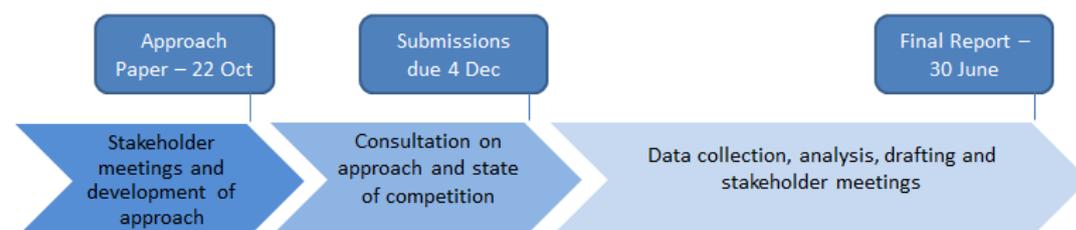
Under the Australian Energy Market Agreement (AEMA), all jurisdictions have committed to remove retail energy price regulation where effective competition can be demonstrated. We are required to undertake competition reviews to provide advice to governments to support this commitment. The scope of these reviews is set out in the standing terms of reference provided by the COAG Energy Council in January 2014.

The purpose of these reviews is to assess the current status (and possible future development) of competition for small customers in retail energy markets in all NEM jurisdictions. This includes retail electricity and gas markets in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania and Victoria.

This is the third NEM-wide review of retail market competition to be undertaken by the AEMC.

The 2016 review provides an opportunity to check whether there have been any significant changes in the competitiveness of the retail energy markets since the last review. It also provides an opportunity to consider relevant issues raised by stakeholders.

### Timeline for the review



We invite stakeholders to contact the AEMC if interested in discussing any aspect of this review.

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