

Paul Baxter
Senior Commissioner
Independent Competition and Regulatory Commission

By email: icrc@act.gov.au

Dear Mr Baxter,

ACTCOSS welcomes the opportunity to comment on the Independent Competition and Regulatory Commission's Issues Paper *Retail Prices for the Non-Contestable Electricity Customers 2010-2020*. As a voice for people experiencing disadvantage in the ACT, ACTCOSS has significant concerns regarding the possibility of building competition into the electricity market.

ACTCOSS has been a participant in jurisdictional discussions on retail competition in the electricity market since the late 1990s. Traditionally, there has been opposition to full retail competition as it offered no improvements in services or pricing for people experiencing disadvantage.¹ In addition, ACTCOSS continues to advocate for the following principles to be applied by the ICRC in their decision making process:

- Electricity benefits of a market need to be spread equitably across the ACT and not increase the divide between the affluent sections of the community and those prone to experiencing hardship; and
- Regulation of an electricity market should be used to create circumstances where market forces are more likely to operate efficiently and equitably.²

ACTCOSS remains concerned about unregulated retail competition in the electricity market. The organisation is not aware of positive evidence in the Australian or International experience which may change this perspective. Furthermore, as stated in the ACTCOSS submission to the *Draft Sustainable Energy Policy 2010-2020*, a free market approach which encourages competition between the various retailers may actually increase the price for the consumer. Such a move unfairly impacts on low-income households which may not have the capacity to respond.

Similar views are voiced by the ACT Civil and Administrative Tribunal (ACAT). In the ACAT submission to the *Draft Sustainable Energy Policy 2010-2020*, there is a recommendation for the "continuation of the current

¹ ACTCOSS, *Submission to the Independent Competition and Regulatory Commission's Inquiry into Full Retail Contestability in the ACT*, 2002.

² Ibid.

[transitional franchise tariff] arrangements as they are in the best short and medium term interests of the consumers."³

The submission goes on to argue

Creating an unnecessarily high TFT price so that energy companies can compete by offering a lower price than the TFT will have significant adverse financial impact on customers and in particular vulnerable householders who are less likely to be able to take advantage of competitive programs.⁴

ACTCOSS believes it is very important to respond to the needs of utility consumers, and ensure any changes to the process do not disproportionately affect low income households. The regulated tariff is an integral part of the protection mechanisms for low income households.

ACTCOSS looks forward to the draft report on this issue.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Dundas', enclosed within a simple, hand-drawn oval shape.

Roslyn Dundas
Director

23 March 2010

³ ACAT, *Submission to the Draft Sustainable Energy Policy 2010-2020*, March 2010, p.3.

⁴ Ibid.