

Further action needed to reduce regulatory burden on energy sector

The Energy Supply Association of Australia has welcomed the release today of the Productivity Commission's review of regulatory burdens on business and its findings that actions should be taken to finalise key energy market reforms.

"We strongly support the Productivity Commission's observation that further action is needed to be taken now to complete the energy market reform which commenced more than 15 years ago," said esaa Chief Executive Officer Brad Page.

He went on to say, "Once again, the spotlight has been placed on the inappropriateness of States continuing to regulate retail energy prices in otherwise competitive markets. There are now too many examples of State Governments getting price regulation wrong and with emissions trading costs just around the corner, preferring direct regulation over competitively determined prices is a risk laden course. Victoria has shown that removing retail price control works; it's time other States followed their lead."

Page also welcomed the Commission's finding that the regulatory information requirements imposed on especially the network sectors need to be addressed and reduced.

"However, we can't support the recommendation that the regulator examine this and make changes. The incentive is unlikely to be present for the regulator to take an impartial view of the real information requirements and streamlining of the arrangements in those circumstances must be in doubt," he said.

esaa instead advocates that the Productivity Commission undertake an inquiry in to alternative lighter-handed regulatory models to address the significant burden of the current arrangements.

The Energy Supply Association of Australia seeks to positively influence government policy decisions to ensure that Australia enjoys the benefits of a safe, secure, reliable, sustainable and competitively priced electricity and natural gas supply.

esaa's 40-plus member businesses have more than \$120 billion in assets and infrastructure investment plans worth over \$30 billion over the next decade. The Association is fuel and technology neutral and member businesses have investments across a wide range of fossil fuel and renewable generation technologies.

Source: esaa 15 September, 2009