

Media statement – for immediate release

11 September 2008

Victoria leads the way on energy price deregulation

The Victorian Government's decision to replace retail price controls for electricity and gas with a price monitoring regime has been labelled by the energy industry a resounding endorsement of competitive energy markets providing the best outcomes for consumers.

Australia embarked on a bold set of reforms more than 10 years ago to replace State Government monopolies supplying gas and electricity to the nation with individual businesses vying with each other to give consumers the best possible deal for their energy needs.

"By any measure, these reforms have been a big success. Australia now has some of the lowest priced energy in the developed world and enjoys reliability of supply which is the envy of most countries. Unlike much of the world, most consumers in Australia can choose the company that they buy their electricity and gas from," said Energy Supply Association of Australia (esaa) chief executive officer Brad Page.

But in a hangover from the days of the State-owned monopolies, Australian State and Territory Governments have steadfastly refused to remove retail price controls for small users.

"The continuation of price controls for electricity and gas in highly competitive wholesale markets denies consumers the full benefits of energy market reform and puts at risk timely investment in new power and gas supply facilities," Mr Page said.

esaa observed that compared to most other State Governments, successive Victorian Governments had always understood that the greatest benefits to consumers accrued from openly competitive markets, free from unwarranted government interventions.

"The Victorian Government is a leader in this field and we congratulate them. Even under its previous price control regime, the focus was always on maximising competition from a range of energy suppliers," Mr Page said.

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“Their determined approach has led to the independent review by the Australian Energy Market Commission finding the Victorian market to be highly competitive and price controls no longer warranted,” Mr Page observed.

Unfortunately, the same degree of commitment to consumers is not apparent in other states.

“We remain very concerned that governments in other states continue to regulate electricity prices for small consumers regardless of the extent of competition and that in at least two cases the regulated rates are below the cost to supply customers. This is unsustainable and is not in the long run interests of the public,” said Mr Page.

The industry called on all State and Territory Governments to follow the leadership of Victoria and remove regulation that prevents consumers enjoying the benefits of open and competitive retail electricity and gas markets.

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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 \$121 billion in assets and infrastructure investment plans worth more than \$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.