

5 July 2013

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235  
Email: [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au)

Dear Mr Pierce,

**Response to the Draft Report: Review of Competition in the Retail Electricity and Natural Gas Markets in NSW [AEMC Reference: RPR001]**

Thank you for the opportunity to comment on the Australian Energy Market Commission's (the Commission's) *Review of Competition in the Retail Electricity and Natural Gas Markets in New South Wales* Draft Report, released on 23 May.

ActewAGL Retail supports the Commission's draft finding that competition is effective in the New South Wales electricity and dual fuel markets. ActewAGL Retail also agrees that retail price caps should be removed for all customers at the same time, so that all customers have an equal opportunity to benefit from increased competition and product choice.

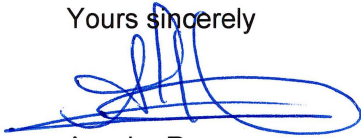
The Commission says that a reserve power to reintroduce price regulation should be retained if price caps are removed, but notes that such a reserve power could create uncertainty for retailers and therefore undermine investment or retail entry. To address this, the Commission indicates that certain criteria or triggers, determined in advance, should guide when re-regulation may be considered. ActewAGL Retail supports this approach but notes that the causes for any market related concerns must be well understood prior to such intervention.

The Commission also recommends that a system of market and price monitoring is established when price caps are removed. Given that some market monitoring under the new National Energy Retail Law has begun, the likely benefits and cost effectiveness of an additional layer of requirements should be carefully assessed to avoid unnecessary costs. If price monitoring is implemented then it should be only enacted for a *period*, as outlined in clause 14.14 of the Australian Energy Market Agreement, and then reviewed. ActewAGL Retail has noted that price monitoring may be an unnecessary and costly step in the deregulation process, particularly as transitional regulation has been in place for 11 years. The ACT's regulated retail tariff for gas was removed in 2004 without the need for costly transitional measures such as price monitoring.

ActewAGL Retail would also like to take this opportunity to correct an assertion in Momentum Energy's submission. ActewAGL Retail does not offer bundles with non-contestable services such as water.

ActewAGL Retail looks forward to continuing engagement with the AEMC throughout this review. Please contact Leanne Holmes, Manager Economic Regulation, on 0412 850 715 if you would like to discuss this submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ayesha Razaq', with a large, stylized flourish underneath.

Ayesha Razaq  
General Manager Retail