

1 December 2015

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

**Submission in response to the Approach Paper: 2016 Retail Competition Review [AEMC Reference: RPR004]**

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC's) 2016 Retail Competition Review Approach Paper.

ActewAGL Retail provides electricity and gas retail services in the Australian Capital Territory (ACT) and in South East New South Wales (NSW). In the ACT, we are required to offer a Standing Offer for gas and electricity through a standard retail contract. The Standing Offer for electricity is required to incorporate a tariff approved by the Independent Competition and Regulatory Commission to electricity customers who consume less than 100 MWh per year. For the Queanbeyan, Palerang, Capital and Shoalhaven regions within NSW, we offer a regulated offer for the supply of gas under a Voluntary Pricing Arrangement agreed with the Independent Pricing and Regulatory Tribunal of New South Wales (IPART).

This submission complements submissions we have provided to the AEMC as part of its previous retail competition reviews,<sup>1</sup> as well as the information that will be provided as part of the retailer survey and interview process in early 2016.

*Effective competition*

We consider there to be effective competition in the retail electricity and gas markets in the ACT and NSW and refer the AEMC to submissions we have made in previous annual competition reviews. We caution against an over emphasis on measures such as switching between retailers, as this can lead to misguided assessment of the effectiveness of competition. We consider more weight should be given to evidence of positive outcomes for consumers.

Notwithstanding our consideration above, in the ACT we have seen an increase of switching and marketing activity over the past 12 months with the entry of major retailer, Origin. We have been able to retain a large market share in the ACT as well as our other regions due to our

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<sup>1</sup> See ActewAGL Retail 2014, *Submission in response to the approach paper: 2014 retail competition review* <http://www.aemc.gov.au/getattachment/2ff97f57-9e87-4310-8913-c86da97d6022/ActewAGL.aspx> and ActewAGL Retail 2015, *Submission in response to the approach paper: 2015 retail competition review* <http://www.aemc.gov.au/getattachment/7e7e4ee4-786f-4414-9a8e-d2383a2e1b60/ActewAGL.aspx>

continued competitive pricing and superior customer service, as recognised by Roy Morgan customer satisfaction awards which has named us 'Provider of the Year' several years.

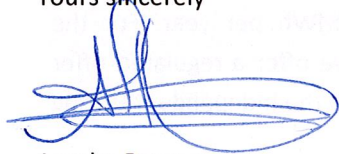
Further, since the AEMC's last review we have also seen customers increasingly switch from standard offers to retail market contracts. In the ACT retail electricity market, the Australian Energy Regulator's data<sup>2</sup> indicates that as at June 2015, 24.5 per cent of small customers are now on retail market contracts, up from 18.5 per cent the year before. In gas, the percentage of customers on retail market contracts in June 2015 at 27.4 per cent, up from 20.8 per cent the year before.

#### *Removal of retail price regulation*

We note the NSW Minister for Industry, Resources and Energy's recent announcement that the NSW Government will deregulate retail gas prices from 1 July 2017 if there is an increase in competition, particularly in regional areas of the state.<sup>3</sup> We have a long held view that removal of retail price regulation provides benefits to consumers through improved competition and the removal of risk inherent in the setting of regulated prices.

We look forward to continuing to work with the AEMC throughout this review. Please contact Patricia Cameron, Principal Regulatory Advisor, on 02 6248 3812 if you would like to discuss this submission.

Yours sincerely



Ayesha Razzaq

General Manager Retail

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<sup>2</sup> <http://www.aer.gov.au/retail-markets/retail-statistics/act-small-customer-contract-types>

<sup>3</sup> <http://www.resourcesandenergy.nsw.gov.au/energy-supply-industry/consumer-assistance/retail-gas-prices-the-way-forward> and  
[Minister for Industry, Resources and Energy, Media Release - Driving competition and transparency across the resources and energy sectors, 1 October 2015.](#)