

ACCC REPORT HIGHLIGHTS NEED FOR NATIONAL ENERGY POLICY

Today's interim ACCC report confirms what the EUAA have been saying for some time; we are in the middle of an energy crisis almost entirely of our own making. Without an urgent response by our political leaders to a bipartisan national energy policy, the situation is unlikely to change, said the Energy Users Association of Australia (EUAA) Chief Executive Officer, Mr Andrew Richards.

"After more than a decade of energy policy confusion and political posturing we are faced with a situation where we have reducing levels of competition, increasing consolidation of market power, higher risks for investors and higher prices for consumers," said Mr Richards. "As the ACCC clearly points out, there is no single cause of this situation and no simple solution. However, the first step must be for our political leaders to agree on long-term energy policies that significantly reduce the risks for investors and other market participants. If they do this we will see investment in the new power generation assets that we need; adding more capacity and increasing competition along the way."

While renewable energy schemes have added to consumer costs it is not the primary driver of the significant increases we are now seeing. The ACCC highlights numerous issues that are contributing including the market dominance of the so called "big three" gentailers, continued retirement of old generation assets leading to reducing levels of competition in wholesale markets and increases in network costs. Renewable energy costs are also contributing but could be lower if a single national scheme was in place allowing state based schemes to be wound back.

"Apart from the Renewable Energy Target that is due to come to a close in in three years, in 2020, we have no other national policy driving investment in new energy generation," said Mr Richards. "As older power stations come to the end of their life, we need to look at what will replace that lost generation. Without a policy that signals to investors where to invest, we are missing out and losing competition in the market which is inevitably increasing prices."

The EUAA is part of the chorus of organisations calling for national energy policy, such as a CET. "While the EUAA is not wedded to a CET, this is the only policy on the table at the current time. We urgently need a national policy of some description to drive investment."

The ACCC should be commended for the work they have done and when combined with the recent Finkel Review recommendations we hope it will lead to a sensible discussion about energy policy reform. The last thing we need right now is for the ACCC report to be used as a political football. What energy market stakeholders need is less politics and more policy.

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