



ELECTRICITY RETAIL COMPETITION - DISCUSSION PAPER

8th January 2002

Energy Minister Wayne Matthew said South Australian households will be protected in the national electricity market by a price justification mechanism overseen by the South Australian Independent Industry Regulator (SAIIR).

He said the SAIIR will have the power to regulate the maximum tariffs and charges payable by residential customers and small businesses after 1 January 2003.

Member for Flinders Liz Penfold said SAIIR has released a discussion paper on Electricity Retail Competition: Consumer Protection Issues For Small Customers.

She said responses to the discussion paper will assist in the development of consumer protection mechanisms for domestic and small business electricity customers who will be able to choose their electricity retailer from 1 January 2003.

The Discussion Paper is available on the SAIIR website at www.saiir.sa.gov.au, or from GPO Box 2605, Adelaide 5001. Submissions close on 1 March 2002.

Mr Matthew said the State Government had another first with the establishment of the State's first Energy Cabinet Sub-Committee to oversee market development, both in electricity and gas supplies, as well as identify other energy opportunities within South Australia.

"South Australia has a considerable advantage in our approach to the national electricity market as we can keep a close watching brief on the entry of Victoria and New South Wales into the market on January 1st, 2002, and learn from any problems that they may encounter.

"The Energy Sub-Committee will also oversee market development interstate," he said.

Mrs Penfold said the State Government is actively involved in the power market in the present, while planning and implementing strategies for the future.

"Nothing that is growing stays the same. Under the Liberal Government, this State is experiencing economic growth that is unprecedented in most areas."

Mrs Penfold Eyre Peninsula has been a part of this growth. Energy use across the State has increased 8% over the past few years instead of the 2% predicted – that is a fourfold increase over what was forecast.

"Fortunately we have more than 1000MW of wind power that will be developed over the next few years on Eyre Peninsula alone. This power will be sufficient to cover not only our State's increased requirements but also to export power interstate."

Mrs Penfold said the power market is only one of many issues being actively addressed.

The Energy Cabinet Sub-Committee comprises Premier Rob Kerin, Deputy Premier Dean Brown, Treasurer Rob Lucas and Energy Minister Wayne Matthew.

Mr Matthew said that, with around 730,000 South Australians set to join the national market on 1 January 2003, the Government is determined to ensure that householders are protected from unnecessary price rises.

"We will be working with the Independent Industry Regulator to establish a price justification process for residential customers and small businesses with an annual consumption below 160MW hours," he said.

For this group of customers, prices will be regulated for a two-year transitional period following January 2003, with a review to be conducted by the SAIIR towards the end of that period to assess whether the price regulation safety net needs to be extended.

The Regulator will be able to define benchmark prices, and to require electricity retailers to publicly justify any increase beyond that mark to protect against exorbitant price rises for South Australian consumers.

"There is real potential for the national electricity market to develop into a competitive retail environment which drives prices down, and this Government is focused on developing that potential and improving both the cost and the reliability of this State's power supplies," he said.