

Wholesale Electricity Regulatory Pricing Framework Review  
Department of Treasury and Finance  
GPO Box 147  
HOBART TAS 7001

15<sup>th</sup> December 2017

Submitted via e-mail to: [wholesale.pricing.framework@treasury.tas.gov.au](mailto:wholesale.pricing.framework@treasury.tas.gov.au)

Dear Mr Farrell,

### **Review of the Tasmanian Wholesale Electricity Market Regulatory Pricing Framework**

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Department of Treasury and Finance’s *Review of the Tasmanian Wholesale Electricity Market Regulatory Pricing Framework*.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over ten million homes and businesses.

The Energy Council recognises the unique characteristics of the Tasmanian electricity market, with the Wholesale Contract Regulatory Instrument (“**WCRI**”) introduced to provide retailers with the ability to purchase a set of standard, regulated contracts in addition to non-regulated contracts. The WCRI is intended to provide a “safety net” for retailers with customer load in Tasmania.

Our members are of the view that the existing WCRI operates well in achieving its objectives. We note that while the WCRI creates a regulated contracting framework, unregulated contracting has continued to occur outside the WCRI, where it better suits both parties. This is a positive aspect of the current framework.

We also note that an enduring and stable framework is necessary to support investment, manage risk and encourage new entry, and this is emerging with the existing framework. Variations to the framework should be considered carefully to ensure that confidence is not weakened, nor are unintended consequences introduced.

The Energy Council understands the Government’s concerns about vulnerable and otherwise price-sensitive customers, however it is important to avoid distorting the efficient operation of the broader market in order to deliver a preferred outcome. Where there is a desire to intervene in respect of these concerns, it should occur by direct rebates from Government, rather than any intervention in market arrangements.

The Energy Council represents all the major existing Tasmanian wholesale market participants and the most likely entrants. Members will be providing detailed submissions directly to Government, and the Energy Council would be pleased to convene discussions between the government and industry on these matters if it would assist in conducting the review.

Any questions about this submission should be addressed to the writer, by e-mail to [Duncan.MacKinnon@energycouncil.com.au](mailto:Duncan.MacKinnon@energycouncil.com.au) or by telephone on (03) 9205 3103.

Yours sincerely,



**Duncan MacKinnon**  
Wholesale Policy Manager  
Australian Energy Council