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## **TRANSCRIPT OF PROCEEDINGS**

### **INDEPENDENT COMPETITION AND REGULATORY COMMISSION**

#### **PUBLIC FORUM: RETAIL ELECTRICITY PRICE INVESTIGATION**

#### **CANBERRA MUSEUM AND GALLERY, AUSTRALIAN CAPITAL TERRITORY**

**2.00 PM, THURSDAY, 05 MARCH 2020**

**MR DIMASI:** Welcome to the ICRC's public hearing for the electricity price investigation. My name is Joe Dimasi; I am the Senior Commissioner. And I've got next to me, Dr Patrick Hamshere, who leads the Economic Group; he's the director of the Economic Group, and he'll be making a detailed presentation on our draft report.

A couple of housekeeping matters to begin with:

If you haven't already done so, can you please sign the sign-in form, so we have a record of who's been here? The forum will be recorded and transcribed, so we've got a copy of what's said. We would prefer that you ask any clarificatory questions as we go through, and feel free to do that. We will have a question and answer session at the end, so we prefer that we can have a discussion at the end. But if you do need clarification, by all means jump in. And we will have a roaming microphone when we do ask the questions - when you ask the questions, I should say; and we would ask that you identify yourself when we do that.

Now, the order of the day is, I will make a few opening remarks; Patrick will make the more detailed presentation of the Commission's findings and draft conclusions; and then we've asked ActewAGL to make any comments. I believe that John Knox intends to make some comments. And then there will be a more detailed presentation made by ActewAGL staff; is that still the plan?

**JOHN KNOX:** Correct, correct - - -

**MR DIMASI:** Great, great. All right, well thank you; let's get underway. We got our terms of reference for this in 2019; the ACT Government asked us to regulate ActewAGL's standing offer rates over four years: 2020-2024 period. And it also asked us to consider whether changes are needed to improve the comparability and transparency of electricity offers, which as we all know, is not a new issue; this is an issue that's been dealt with other jurisdictions, at the national level.

Turning to our price regulation. Our role is to determine the maximum average increase that ActewAGL can apply to its basket of regulated tariffs each year, okay? So, it's the maximum average increase across the basket.

We do that through a pricing model that we use, and that pricing model was thoroughly reviewed during 2019, in our methodology review, which was an open and transparent review to allow us to do our due diligence in making sure that the pricing model did the job it was meant to do, and to

have input from all stakeholders. So, there has been some changes made to that pricing model, and it's that reviewed model that we've used to come up with our draft decision.

5 Now, I'm stealing Patrick's thunder here, because he's going to go through the details, but the conclusion at this point is that the draft decision indicates that based on the information available up until now, we would be looking at a price decrease of 6.75 per cent, based on the data to the end of January; that doesn't include data for network costs. The final  
10 report is going to include data until the end of May, so there are quite a few changes still to go in there. So, we know that whatever it will be, it won't be 6.75.

15 What we do know is that that's the order of magnitude that we're looking at right now, if a decision had to be taken now. And Patrick will explain what's behind that; I will leave that alone. And we can talk about that.

The second big question that we were asked was on the comparability and transparency that I mentioned, to investigate whether changes were  
20 needed. So, we asked consumers whether they think changes are needed, and we took a survey of more than 1000 ACT electricity consumers, who took part in that survey comparing electricity offers; so, it was a pretty solid survey, we think.

25 I think it's fair to say that our view - and that has come through, I think, generally - is that the ongoing regulation has meant that the price range, the differences that we see in some of the other jurisdictions, is less here, is less in the ACT. So, we don't see quite that order of magnitude of difference. But most ACT consumers still found it difficult to compare  
30 electricity offers, so the issue was still relevant here, and one that does need, we think, to be further addressed.

So, our draft recommendations were that a reference bill should be developed, to provide ACT consumers with a point of comparison for  
35 assessing electricity offers. And given that we have a regulatory reference, that the reference bill should be based on the existing regulated standing offer prices.

40 We felt that that was important to do it that way, if it's going to be done, because otherwise we could potentially end up with more confusion, not less confusion, if we have the regulated price and some other reference price from which you refer back to for discounts and other things. So, we thought that the reference bill should be based on those regulated standing offer prices.

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- 5 We also recommended that the ACT Government should consider imposing new regulatory obligations on retailers, to regularly notify their customers whether they are on the best offer - that's their best offer - and how much can be saved by switching if they're not on the best offer, to the best offer, taking into account those customer circumstances. Now, this is something that is being done in other jurisdictions at the moment, and we thought that that would also help in making sure that, given the complexity of the offers that are around, in helping customers choose.
- 10 We think that in combination, developing those two recommendations will help, along with the ongoing regulated price. And that's something that we will - this recommendation is fairly broad at the moment; it is something that we will develop in a bit more detail for the final report, and then it will be up to government as to whether they pick up that
- 15 recommendation or not. So, that's something that we will be developing a little bit further.
- 20 So, with those opening remarks, and giving you the punchlines, now Patrick will go through a bit more of the detail of our thinking. Over to you.
- DR HAMSHERE:** Okay. So, I think I'll start by just doing a quick overview of what I will talk about.
- 25 So, the first thing I'll talk about will be the timeline for the investigation; the second thing will be our pricing model and draft decisions; and then I'll talk about comparability and transparency; and then I'll recap the next steps.
- 30 So, in terms of the investigation timeline, we released an issues paper as part of this investigation in early September last year. We then held a workshop on comparability and transparency, which was later in September. We released our draft report in early-February this year, and we're now at the public hearing stage.
- 35 So, submissions to the draft report close on 20 March, and we will then take those submissions into account and prepare a final report by 5 June.
- 40 I'll talk a little bit about our pricing model and draft decisions, but before I do that, it is just useful to understand the different factors that make up the cost of supplying electricity:
1. So, the first is the cost of generating electricity; it is generated and sold on a spot market.

2. The second factor is network costs; so that refers to the cost of operating and maintaining the poles and wires that bring electricity from the generator to households and businesses.
3. The third factor is retail costs; so, retailers buy electricity on behalf of their customers, they run call centres and manage billing systems.

So, as Joe mentioned, we use a pricing model to determine how much ActewAGL can change its regulated standing offer tariffs each year, and an outline of that model is on this slide at the moment. So, the cost components in our model, they mirror those that I just discussed on the previous slide: so, there is wholesale costs, network costs, and retail costs, and there are cost categories within each of those as well.

And there's a few relevant items that are worth pointing out here; the first is that the energy purchase cost component assumes that a retailer adopts a hedging strategy, to manage wholesale market risks. The hedging strategy is essentially that the retailer purchases its electricity over the 23 months prior to the financial year in question, and it does that using forward contracts. For those not familiar with the terminology, a forward contract specifies a fixed price for electricity, so it allows the retailer to buy it ahead of time, at a price.

As part of this investigation, the Commission sought advice on the number of forward contracts that an efficient retailer would purchase; that advice was provided by Frontier Economics, and it's on our website.

The next cost category is national green costs; they are the costs of complying with compulsory Federal Government schemes that encourage investment in renewable energy generation. The requirements of that scheme are determined by the Clean Energy Regulator.

The next cost category is called energy losses, and that reflects the cost of lost electricity. Electricity is lost because there is resistance when it's transmitted along power lines.

The next cost category is called NEM fees, which is National Electricity Market Fees, and they are the charges that the energy market operator charge retailers in order to operate the grid.

The next category is called volatility allowance, and that's a small allowance to account for the fact that our wholesale market hedging strategy doesn't account for every possible situation, and retailers need some cash reserves to account for that. And we call that, and other regulators call that, a volatility allowance.

Moving along to the right:

5 There are network costs, and I briefly explained what they are already. They are determined by the Australian Energy Regulator, following an investigation. And they also include ACT Government scheme costs, like large scale feed-in tariff costs.

Retail costs, I've already touched on those.

10 And there is also ACT Energy Efficiency Scheme costs. That scheme places a requirement on retailers to achieve energy savings in households and small businesses.

15 And the last cost category is the retail margin. So, the retail margin provides a return on investment to operate a business. Our pricing model is based on the efficient costs for a hypothetical retailer in the same position as ActewAGL; they are not necessarily ActewAGL's costs.

20 So, this figure is showing the draft cost components as a per cent of the total costs for 2020-21. So, on the vertical axis it has the per cent of total cost, and the blocks are building up to a hundred per cent of the cost categories. And it shows that most of the costs, or about 87 per cent of them, are non-retail costs: so, they're things like wholesale energy costs, network costs, and ACT Government Scheme costs. And they're largely  
25 outside the control of the retailer, except for the ability to implement different hedging strategies with managing risks with those costs.

30 The retail costs, which are about 13 per cent of the cost stack; they include, obviously, the operating cost and the retail margin. And they account for 13 per cent of the cost stack, and they can be controlled by the retailer.

35 So, this table is showing the costs for 2019-20 for each of the cost components. And it's showing the draft cost for 2020-21, and it's also showing the per cent change between those two years. The last row shows the total cost and the per cent change, and that is where our minus 6.75 per cent comes from.

40 So, as Joe mentioned, these draft costs for 2020-21 are based on data up to the end of January; they will change between now and the final report, because we will incorporate more information for the final report.

45 And I guess the key things in this table are really the first two rows: so, the first row is showing the wholesale energy purchase cost, and it's showing that it's fallen from about \$93 a megawatt hour, down to \$87 a

megawatt hour, which is a 6.1 per cent decline. And that is because there has been an increase in generation capacity, and that's mainly from renewable sources.

5 The second row is showing National Green Scheme costs, and they've also fallen substantially, from about \$26 a megawatt hour, to \$15 a megawatt hour, which is a nearly 41 per cent decline. And again, that's because of an increase in renewable generation.

10 The other thing worth pointing out is that the other cost categories haven't changed substantially in dollar value terms, between years, and the next slide will really show that.

15 So, this figure is showing the contribution that each cost component made to that draft price decrease of 6.75 per cent; the horizontal axis is showing the different cost categories, and the vertical axis is showing the percentage point contribution to the 6.75 decrease.

20 And it's pretty clear from this chart that the main driver of the price decrease is national green costs, which are 4.1 points of the 6.75, and energy purchase costs, which are 2.2 points of that 6.75.

25 As Joe mentioned, in estimating this allowed price change, the Commission has applied a revised methodology, which was developed following a comprehensive review in 2019. The changes in the methodology contributed 1.3 points to that 6.75, so it contributed to the price decrease. It's not shown as a separate cost category; it's already built into these cost categories.

30 So, the main driver behind the declining National Green Scheme costs is a decline for prices in large scale generation certificates. These certificates are required as part of the scheme. The price of these has declined, as I mentioned, because there has been an increase in renewable generation, above what's required under the target. And this chart shows that pretty  
35 clearly: so, it's showing the certificate spot price, and it shows that it's fallen from above \$80 per certificate down to about \$40 per certificate in January this year.

40 So, in terms of wholesale costs, this chart is showing the forward price of electricity up to the end of January 2020, which is the blue line. And it's showing the 23-month average forward price that the Commission uses, which is the red line. And it's pretty clear that the 23-month average forward price has fallen, compared to the previous year, and that's been  
45 the main driver behind the decrease in wholesale costs.

5 In terms of the retail operating costs, and retail margin, the retail operating costs and margin are largely unchanged from the previous regulatory period. We estimated these costs using a benchmarking approach, and that confirmed that they were efficient. We looked at ACCC reports on costs and margins; we looked at Frontier Economics advice to the Victorian Essential Services Commission; and we also looked at decisions made by other regulators.

10 Just moving on to the bill impact from the draft decision. The first table shows the annual bill impact for three types of residential customers: a small, a medium, and a large customer. And the change in the annual bill is shown in the last column. And it shows that for an average residential customer, the draft price decrease would result in an annual bill saving of \$113.

15 The second table shows the annual bill impact for business customers. And again, there's a small, a medium and a large business customer. And for an average business customer, the annual bill is likely to fall by about \$436.

20 So, just moving on to comparability and transparency. As Joe mentioned, we were asked to consider whether changes are needed in the ACT to improve the comparability and transparency of electricity offers. We did this by gathering information on offers from retailers and from other publicly available sources, and we looked at how they were marketed; we also held a workshop with retailers and consumer groups; we also held targeted consultation with consumer groups, financial counsellors, and with industry bodies.

30 As Joe mentioned, we held a survey of ACT electricity consumers; we had 1057 responses to the survey. It opened in late-November and it closed in December last year. We also received feedback from consumers via an online feedback form that we have.

35 So, one of the questions that we asked consumers in the survey was, "How would you describe your experience comparing electricity plans?" and 67 per cent said that it was difficult; 17 per cent said that it was easy; and 15 per cent said it's neither easy nor difficult.

40 We also asked, "Have any of the following caused you difficulties when comparing electricity plans?" Seventy-two per cent said that there are too many different terms and conditions on plans, and it's too hard to work out how discounts are calculated; 54 per cent said they don't understand the different tariff types; and 52 per cent said there is too many plans and there's no easy way to compare all of them.



5 So, we looked at the state of the market, and we did find that there are a few different tariff types. So, there are: flat rate tariffs, time of use tariffs, demand tariffs, step tariffs, there are tariffs with controlled load, and there's some tariffs that require certain meter types.

10 We also found that discounts can be difficult to understand, for three main reasons. The first reason is that standing offer rates, which are the benchmark for most market offer discounts, differ across the retailers. The second reason is that retailers typically have more than one standing offer, and discounts are calculated off different standing offer rates. The third reason is that retailers apply discounts to different parts of the bill; so, some retailers will give a discount on a usage charge, and other retailers will give a discount on a total bill amount.

15 So, we also asked, "If you were looking to find the best electricity plan for your circumstances, what would help?" Seventy-three per cent said that a benchmark price would help; 70 per cent said that a comparison website would help; and 60 per cent that it would help if their retailer printed their best plan for my consumption on my bill.

20 As Joe mentioned, we've made two draft recommendations in light of those findings; the first is for a reference bill amount that would be developed to provide ACT consumers with a point of comparison for assessing electricity offers. And I will talk more about that in a minute.

25 And the second recommendation was that the ACT Government consider imposing new regulatory obligations on retailers, to regularly notify their customers whether they're on the best deal for their circumstances, and how much they can save by switching to the best offer.

30 We think that it is probably beneficial to implement these measures together, given the relative advantages and disadvantages of each single measure. For example, a reference bill amount can only be developed for an average customer, or for a small number of average customer-types, and so it could be better for some consumers that aren't average, if their retailer just tells them what their best offer is.

35 The Commission is also encouraging retailers to notify their customers that they can visit the Energy Made Easy website, which is a comparison website, to see whether there are better offers for their circumstances, from other retailers. This is because our best offer recommendation can only tell a customer whether they are on the best offer with their current retailer; there might be better offers from another retailer.

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And Joe has already touched on this, that similar measures have been introduced in other jurisdictions recently, and it's still early days, but the evidence seems to suggest that they are helping consumers find the best deals.

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So, as part of the final report, the Commission will provide further details on how these recommendations could be implemented; as an example, I have three implementation issues up at the moment. The first is that how many reference bills should there be? It might be beneficial to have a small range of reference bills to reflect different characteristics of households.

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In Victoria, for example, the regulations there require retailers to display the annual cost for three customer profiles: low, medium and high. And similarly, there are two versions of the default market offer; one for customers with a controlled load and one without. But we do think it would be beneficial to restrict the number of reference bills, because if you have too many reference bills, it will just start getting too complicated.

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The second issue is what price should the bill be based on? And we tend to think it should be based on one of ActewAGL's existing regulated rates. We think it would probably introduce more complexity into the market by having another price.

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And the third point is what are the rules around advertising offers and discounts? So, the context is that in jurisdictions with the default market offer, retailers are required to present how their offers compare to the DMO. But the rules are slightly different in Victoria, where retailers are required to state only how their discounts compare to the VDO, which is the equivalent of the DMO in Victoria. So, decisions would need to be made about those things.

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So, just quickly recapping the next steps. We are seeking feedback and comments from stakeholders. Submissions to the draft report close on 20 March, and they can be emailed to us, or if they're short, they can be sent to us on our online feedback form.

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And I think that's all the details, so I'll hand back over to Joe.

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**MR DIMASI:** Thanks, Patrick. As I said, we will have opportunity for questions later. But before I call on John Knox and ActewAGL to make any comments or response, any clarifying questions, anything that we need to clarify for now? Otherwise, John, over to you.

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5 **MR KNOX:** Thank you as always, Commissioner. I'll just introduce myself: so, John Knox, CEO of ActewAGL. And I'll just be saying a few quick words, and then I'll hand over to Rachael Turner, who is our Acting General Manager of ActewAGL retail; and Rachael will talk to the detail of our response.

First of all, as always, thank you for the opportunity to speak to the draft report and the people here today.

10 I think the word that certainly permeates from Patrick's earlier comments is complexity, and fair to say that the energy industry is incredibly complex, and so as we prepare our responses, we always put that lens through everything that we think of. So, reduction in complexity, as  
15 opposed to increasing complexity, for, obviously, the better outcome of the consumer and also the customer experience that the consumer will have as they navigate some of the potential recommendations.

20 The other thing that it's very important for me to point out as well is that as I stand here and speak, the number of people on standing offers, versus market offers, has changed very dramatically over recent years. And so this is a very material shift, and the speed at which this is occurring is continuing, and I expect it to continue to accelerate quite quickly.

25 So, it's very important to understand that from the segmentation perspective on our residential customers - and I'm talking all of our residential customers - we have a lot of material now on market offers as opposed to standing offers.

30 So, nothing else to add, and I'll ask Rachael to come up and address the detail of our responses. Thank you, Commissioner.

**MR DIMASI:** Thanks, John. Rachael, please.

35 **MS TURNER:** Thank you, John, and thank you, Commissioner. Thank you for the opportunity to be here today to share some views regarding the matters ActewAGL intends to respond to through our formal submission. So, we acknowledge there are a broad range of topics that need to be covered in this price investigation, including an increased focus on the  
40 transparency and comparability of offers in the ACT.

In terms of the things that I'll talk to today, I'll discuss cost stack inputs and in particular, the smart meter costs; I'll also talk about the side constraint, the introduction of a reference bill, and the best offer  
45 notification as well.

5 In terms of the cost stack, ActewAGL generally supports the annual recalibration process as it currently stands, the continuation of the existing form of control, and the length of the regulatory period, being four years. ActewAGL also supports the approach to most components of the cost stack, however, there are a few items that we would encourage the ICRC to reconsider, with the most critical of these being the inclusion of smart meter costs.

10 In terms of smart meter costs, as has historically been the ICRC's approach, it is ActewAGL's view that the regulated cost stack must include all efficient costs associated with providing electricity services to customers.

15 Metering, regardless of type, remains an essential part of service delivery. Under power of choice, the responsibility for metering shifted from distributors to retail businesses; since that time, an inconsistent approach has been taken to the recovery of metering costs. Regardless of type and whose responsibility it is to deliver the meter, all metering costs should be included in the regulated cost stack.

20 As I have mentioned, ActewAGL supports the continuation of the existing form of control, being a weighted average revenue cap. The ICRC's decision states an intention to apply a 2-percentage point side constraint to restrict year-on-year price changes, however, applying a side constraint to individual charges could impact ActewAGL's ability to set prices which are cost-reflective. ActewAGL therefore considers any side constraint should be applied only to each customer segment; for example, residential and commercial, rather than applied to individual charges.

30 ActewAGL supports a reference bill based on regulated standing offer prices, subject to those prices, including all efficient costs of supplying electricity. This means that smart meters must be included in the cost stack to enable customers to compare, in a more true sense, offers between retailers.

35 As noted, ActewAGL supports the increased focus on improving the transparency and comparability of offers. ActewAGL recognises the value in a best-offer notification and believes that notifying customers of their best generally available offer efficiently achieves the intended outcome. Given the relatively small number of smart meters currently installed within the ACT, the opportunity to provide more personalised notifications is limited.

40 From a timing perspective, ActewAGL considers these changes could be implemented from 1 July 2021, to ensure an efficient and effective

implementation, given the system and business processes that would be required to be updated.

5 I would once again like to thank the ICRC for the opportunity to share these views today, and look forward to achieving optimised outcomes for ACT customers. Thank you.

10 **MR DIMASI:** Thanks, Rachael. Any questions, either to the Commission or to ActewAGL, or any comments? Yes, one over here.

**MS BROWN:** Thanks. Emily Brown, ActewAGL. I just have one question, and that's about the ICRC's intended timeframe to implement the draft recommendations, if they are approved by the ACT Government.

15 **MR DIMASI:** That's something we will think about between now and the final. And we take note of your suggestion. I guess in a sense, we will develop the details and in doing that, I think we all know where we want to head, so I think we've got a sense of what is likely to be involved. But at the end of the day, the government will have to decide whether they  
20 want to proceed with those changes. And it will also depend on the time that the government might want to take to consider it.

25 So, we'll give thought to all of that, and depending on where the government wants to go, we'll certainly think about what you've said in terms of the time that you also need. And we expect further consultation on this point before we make, you know, our final decision on it.

30 **MR BUCHANAN:** Hi, Geoff Buchanan from ACT Council of Social Service. Thanks very much for this. I am just wondering in regards to that - it's very related. There is also discussion of the clear advice entitlement related to the best offer, so I'm just wondering about what you're thinking about that might be at this stage.

35 And in terms of that consultation around developing this recommendation further, perhaps if there are just any ideas about who might be involved in that consultation, and yes, how that might go.

40 **MR DIMASI:** I'll let Patrick answer the detail, but I'll just make one general comment though first. And that is, the whole process has been open and welcoming of feedback. We've put out a draft report, we've put out some proposals which are fairly broad, and we state in our report that we will flesh these out between the draft and the final.

So, we're looking for submissions for any views, any contributions about whether we're on the right track with those, and any implementation issues from all the stakeholders as part of that process.

5 Patrick, do you have anything else you want to add?

**DR HAMSHERE:** We did mention that there are advice entitlements in the draft report, so yes, we're aware that that's an issue that needs to be resolved I guess, and we'll look at that between now and the final report.

10 Those entitlements essentially mean that if a consumer calls up the retailer to take up the best offer that's been notified to them, the retailer will I guess check that it actually is the best offer and walk them through it, so that the consumer actually understands what's going on, and doesn't just  
15 accept the best offer because it's the one written on the bill.

So, we'll look into that more between now and the final report, and we'll definitely be in contact with consumer groups and retailers as well, yes.

20 **MR DIMASI:** We'll hear first and then - - -

**MR OLBREI:** Hello. I assume we're into the general questions?

**MR DIMASI:** Sorry, just for the record, would you mind saying who you  
25 are?

**MR OLBREI:** Sure. My name is Erik Olbrei and I run a company called Harvest Hot Water, which is an installer of heat pump hot water systems. So, my question relates to the Energy Efficiency Improvement Scheme. I  
30 assume we're in the general questions at this stage?

**MR DIMASI:** Yes, we are.

**MR OLBREI:** Right, okay. So, from your report, the Commission  
35 determines the EEIS allowance in the electricity price, subject to an efficiency assessment. And so, efficiency implies that you have a competitive market with you know, a range of firms competing to deliver services at the lowest cost.

40 So, ActewAGL has just completed a tender process to select businesses to access the ACT rebates for energy efficient heat pump hot water systems. They've said that they had numerous responses to the tender, but just one firm was selected, and that was the ActewAGL Energy Shop; all other firms were excluded. So, to me, that's not looking like a competitive  
45 market where firms can compete to deliver those services.

So, my question is, can you explain the process that the ICRC will be undertaking to make an assessment of, you know, efficiency in the operation of the EEIS?

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**DR HAMSHERE:** I can have a go at answering that, and pass it over to Joe. Yes, you are correct; we look at the efficiency and prudence of the EEIS costs. Basically, efficiency, what that means is we will request all of the tender documents and details of the tender processes from

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ActewAGL, and then we'll look at them and we'll need to establish ourselves whether we're satisfied that it has undergone a competitive tender process.

We haven't done that for 2020-21 yet, because it's a draft report and it's just a little too early. That's something we will do between the draft and the final, though, so that concern you raised will be relevant for that. And the prudence part just is that they do need to actually comply with the EEIS.

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20 So, I guess they're the two key aspects.

**MR OLBREI:** Yes, yes.

**MR DIMASI:** Sorry, there's a further question, up the top.

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**MR BUCHANAN:** Sorry, Geoff Buchanan from ACT Council of Social Service again. This is more of a technical one about the pricing, and it might not be directly relevant. But I'm just wondering about in terms of that 4.1 per cent reduction that's coming from the National Green Scheme; is there any relationship between that and the hundred per cent renewable electricity in the ACT? Just a question of whether that is actually causing that reduction or if it's something else.

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**DR HAMSHERE:** Yes, I think it will contribute in some way, but we haven't tried to separate out the impact of that. When new renewable generation is developed, there are certificates that are produced as part of that, and when there's more certificates getting produced, that supply going up, the certificate prices come down.

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40 So, it would've definitely contributed, but we don't know exactly how much. And there is a lot of renewable technology going in at the moment, not just the ACT scheme, so it'd be a lot of other factors as well. But that's an interesting question.

**MR DIMASI:** Yes, look, I don't have much to add to what Patrick said. It's affected, clearly, by the growth in renewables; it's been pushing down both the wholesale cost and the cost of the certificates. And that's across the board I guess, including the ACT scheme.

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**MS LIU:** I'm Angela Liu from ACT Treasury. My question is relating to the recommendation two. So, it will require the retailer to notify each individual customer. And you also mentioned that it is already in place in some states, like Victoria, I guess.

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**MR DIMASI:** Yes, Victoria.

**MS LIU:** So, do you have any idea what is the average implementation cost for the retailer?

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**MR DIMASI:** No, we don't, and I guess that's one of the issues that we'll be looking for the retailer, if they think that that's an issue, to raise in the submissions. We do note though, that it is being done in the other jurisdictions and it seems to be done reasonably efficiently and reasonably effectively, and it doesn't seem to have driven up admin costs particularly.

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Because at one end, I mean, if the systems are in place, it's not hard to work out the average consumption for a particular customer, and whether they're on the right tariff or not. And you know, we're not looking for someone with a calculator to go and work out, you know, 200,000 customers, or whatever it might be.

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So, we think it can be done; it's been done. But certainly, we invite submissions if the retailer thinks that there are costs that need to be taken into account, or that are different in the ACT, to the other jurisdictions. Let's hear them, and we'll look at them between now and the final.

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Okay, any other questions? All right, I think we probably have come to the end of the questions. So, unless anyone has any final comments or questions to make - this is a draft and we are relying on - we will make the changes that we need to make, to include the additional data that we need to turn the draft into the final; that's at a minimum.

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We also will need to do a little bit more implementation work on the transparency question. So, there is a bit more work there to be done. So, we certainly are looking for submissions from any affected parties who would like to help us in our decision-making. So, between now and the final, given the timeframes that were set up by Patrick, we can get this done on time.

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So, thank you very much for your attendance today, your questions. Thank you to ActewAGL for the issues you've raised and for your attendance, and we'll now move on to finalise the report.

5 Thank you.

**MATTER ADJOURNED**