DTI CORPORATION

Level 1, Manpower House, 33-35 Ainslie Avenue, CANBERRA ACT 2600 ABN 85 120 213 381
Telephone: (02) 6230 4110 Fax: (02) 6230 4114

TRANSCRIPT OF PROCEEDINGS

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

INQUIRY INTO

RETAIL ELECTRICITY PRICE INVESTIGATION – DRAFT DECISION

WALDORF HOTEL, CANBERRA

2.36 PM, WEDNESDAY, 3 MAY 2017

MR DIMASI: Good afternoon, everyone. I think we might get going. I note we have a pretty small attendance, but nevertheless this is our public forum to explain our draft decision so we intend to go through it and give anyone who would like to ask questions about how we got there, to deal with those issues.

My name is Joe Dimasi, I'm the Senior Commissioner of the ICRC. The way we propose to deal with this is I'll very briefly run through the draft decision of the Commission and we will then allow ActewAGL to make some comments, and we'll accept any questions or comments before we conclude. I think we should be done by about 4 o'clock, probably earlier, but certainly by 4 o'clock. But let's get going.

We released our draft decision of our retail price investigation recently and in that decision we foreshadowed an average nominal increase in electricity prices of 10.9 per cent across the basket of regulated tariffs. Now, I want to emphasise that that number is based on the provisional estimates of the data available up until 28 February, our final report will need to have the data up until 31 May. For reasons which I will explain further in this presentation, it's important that we recognise that that draft number is likely to increase significantly and so we need to be aware of that, so that number needs to be treated as indicative only.

Basically, the approach that we take is to look at ActewAGL Retail's expected costs, and they are divided into three main categories. The retail costs are their operating costs, their energy, the retail margin and it also includes the government's Energy Efficiency Improvement Scheme. Now, these are the costs that are largely under the control of ActewAGL Retail and they are subject to control by the regulator. I say largely because the regulator sets the retail margin and for the EEIS scheme, there is limited control over those costs.

Those costs make up 15 per cent of the overall costs and I'll explain exactly what we've done with those, because that's the area where we can have the greatest impact as the regulator. The network costs which account for around 43 per cent or so are outside of our control, they are regulated by the AER, they're currently in the Courts, so there is very little impact from those on that 10.9 per cent indicative number. The wholesale costs, again, also around 42, 43 per cent, are basically outside of the control of the ICRC.

The big ticket item there are the energy purchase costs, and as I will explain, that is what is driving this price increase almost entirely, and those costs are set in the market and that is what has been going on. What has been going on in the market, what we've been reading about in the wholesale market is what is driving this increase here, which might end up being, unfortunately, an even higher increase.

That's a bar chart to explain, again, just to set out exactly what they are. So the top three are, essentially, the retailers costs including the Energy Efficiency Scheme, although the top two are the only ones that are largely within our – that is in our control, the others are costs that have to be managed but we are not able to control those. So we deal basically with 15 per cent of the costs in our regulated tariffs. That's where we can have a significant impact. The rest, we are unlikely to be able to have any sort of significant impact.

Now, retail costs account for around 15 per cent of total costs for 2017-18. As I said, these are the costs that are really affected by this decision and they contribute point two percentage points of the estimated price increase of 10.9, so we worked very hard to make sure that they don't lead to significant increases for consumers. They have increased by 1.25 per cent, or they are expected to increase by 1.25 per cent from 2016-17. And so as you can see, the area that is under our control is having a very, very minor impact on increases in consumer charges.

What we've done there is we've done a number of things. We have not allowed a customer acquisition and retention cost allowance, this is an argument that has been around for a while. What I want to say there is that there has been an argument been put to us that we should allow such an allowance to encourage competition. Our view remains – and we are always happy to listen to arguments, but our view remains that whilst we are happy to hear arguments and recognise the costs of doing business including the cost of churn and customer retention, we don't believe that an allowance is warranted over and above that.

There is a margin that is applied to the costs of 6.04 per cent, and what we've done, we find ourselves, I think, in a fairly unique situation as I'll explain in a second. We've seen wholesale costs grow and go up dramatically, and applying that fixed margin of 6.04 to that bigger pool would lead to higher charges for consumers, it would also provide, I think, a windfall gain to ActewAGL Retail, and so we believe that some of that burden should be shared. So for that reason we have limited the change in the retail margin CPI only, rather than apply that 6.04 to that whole larger pool, including the much bigger wholesale price.

We have not automatically allowed the pass through to regulated customers of the Power of Choice metering costs. What we are saying there is we will look at reasonable costs that relate to the regulated customer base, but it shouldn't be assumed that all costs involved in that program should be allowed, after all, competitors to ActewAGL Retail are not able to do the same. So we believe that that is an appropriate way of dealing with it and that is what we propose to do there. I accept that these are pretty strong measures in the retail component, I also recognise that they have a relatively small impact on overall price, but we thought that they were important measures to undertake.

The network costs are determined by the Australian Energy Regulator, they are beyond the control of this Commission and they also include the ACT's costs related to feed-in tariff such as the ACT's contracts with large-scale renewable generators. As I said, they account for around 43 per cent. Again, they only played a very small part in that increased number that I showed before, but that is because that part of the decision is still bogged down if you like in the Courts, and the AER's decision was appealed and that is to be played out.

So we will know more about that once that comes through, but that is pretty much a pass-through. There is not much we can do about that, whatever that is that is, we have no real ability to change that. But we will see the ACT feed-in tariff costs updated for the final report, and again based on what we've seen with the wholesale market prices, we expect those to increase fairly significantly as well.

Now, this is where the price increases are really explained. The wholesale electricity costs account for around 42 per cent as well, which is similar to the network costs. These prices are set in the market and there is little we can do about those, again, we have little ability to influence what is set in the market, and for that matter nor does ActewAGL Retail. The retailer will have some control over its hedging strategy, but that's a small and necessary component, and whatever the strategy might be, we're talking about a small portion of the cost, the big part of it again is the actual electricity cost.

What we're seeing there is we're seeing rapidly increasing forward prices. The forward prices for the wholesale electricity market increased from around $51 per megawatt hour since we reset the Commission prices in June 2016 to around $116, – sorry – to around $110 I should say, for the draft report, that was about a 115 per cent increase and they have continued to increase so they have gone up even further since then, and that increase as at 31 March was 134 per cent. That's why I say that 10.9 per cent estimate that we indicated is, unfortunately, only an estimate at that time and the result is going to be, unfortunately, even higher. That's the story practically.

I mean if you look from the middle of last year we have seen an absolute spike in that wholesale market due to a whole range of factors. That is the issue that I guess is being debated so hotly across the nation at the moment, it's being negotiated, we've seen State governments, we've seen the Federal government try to deal with the issue. But that is what is driving those prices, that wholesale market spike. Unfortunately, we just have no role in that space, so that is something that comes through and is passed through, and that is just what is driving the price overall.

So another way of putting it is to have a look at the 10.9 estimate. As at Feb, 8.31percentage points of that increase is explained by that energy purchase cost in the wholesale market. The others, those costs, are all, I guess, within more manageable levels, it's that energy purchase cost, it's that wholesale market that is driving the increase. That's the story of this, regretfully.

There is of course the network costs which may also have an unpleasant surprise depending how the Courts go with that, because that could also lead to a further, additional increase which would make this picture even bleaker, but that is something that we will wait and see how the Courts deal with the appeal to the AER's decision.

What we do know though is that these figures were indicative to February, should be treated as indicative only, and will change, unfortunately, will change for the worst, that is pretty clear, by the time we make our final decision. They are the various components that explain exactly how we get there, the proportionate change and how that all leads to 10.9 as a draft decision.

You might have a look at the purchase cost. I talked about 115 per cent and 134 per cent, and what I have here is 31 per cent, you might say how come? That's because we are using in our model a rolling 23 month average. In other words, if we had that whole $110 figure or 115-odd per cent change, the increase would be much bigger. The rolling average that we use moderates that increase, and moderates it because our view is that the retailer is able to hedge over a, roughly, two-year period and that's how we have dealt with it.

So that is pretty much the decision. The timelines are there for you to see, we received six submissions on the issues paper, we have received a further six on the draft decision and we have to release, we are obliged to release, our report by early June so the new prices can take effect from 1 July 2017. That's it in a nutshell.

Now, I'm happy to take any questions, otherwise I will ask ActewAGL Retail for any comments that they would like to make? (indistinct) may as well come back to it, (indistinct).

MR SUTHERLAND: I am happy to wait until after Actew.

MR DIMASI: All right. Well, let's go straight to - - -

MS CAMERON: This microphone?

UNIDENTIFIED SPEAKER: Sure is.

MR DIMASI: Yes, please, use that microphone. If you could just announce yourself for the scribe, please.

MS CAMERON: Good afternoon, Senior Commissioner, Mr Dimasi, and Chief Executive, Mr Rawstron, and other attendees. I'm Patricia Cameron, the Manager of Regulatory Affairs and Pricing at ActewAGL. Our General Manager of Retail, Ayesha Razzaq, apologises for not being here today, she is unavailable.

Thank you for the opportunity to speak today on the standing offer prices for the supply of electricity to small customers from 1 July 2017 in relation to ICRC's draft report. I intend today to talk about our submission to the ICRC.

Our high level comment is that, as in previous submissions and reiterated in our current submission, competition continues to increase in the ACT retail electricity market. This is noted by the AMC in their annual reviews of retail competition, and with this increasing market competition, ActewAGL favours deregulation of retail prices.

However, given that regulation is to continue for a further three years, ActewAGL Retail encourages the ICRC to regulate the retail prices in a manner that allows proper compensation of efficient costs. This would provide the consistency and predictability of the regulatory framework that are vital to provide certainty to consumers and to retailers.

In summarising our submission I'd like to start by saying that ActewAGL Retail supports the ICRC's approach to retail price regulation, which is incentive based regulation. The ICRC issues paper, framework and approach document from October 2016, describes its approach in the following way.

It is about estimating the individual cost components that will be incurred by an efficient incumbent retailer in the same position as ActewAGL Retail when providing electricity supply services to consumers on the regulated tariff; and a reliance on cost benchmarks for the three main cost categories, being wholesale energy costs, the network costs and the retail costs. Therefore, ActewAGL Retail agrees to the continued use of cost indexation model on this basis.

ActewAGL Retail also wants to point out that we support most other components of the model. These are the approach to updating the network costs; the approach the LRET, which is the Large-scale Renewable Energy Target scheme, and the SRES, Small-scale Renewable Energy Scheme costs; the approach to calculating the energy loss factors, the CPI adjustment to the energy contracting costs; the CPI adjustment to the National Electricity Market fees; and the full recover approach of the Energy Efficiency Improvement Scheme.

Our submission purposely focuses on the few areas of concern with the ICRC's draft report. There are two main areas that we have concern. Firstly, the ICRC's new proposed approach to calculating the retail margin which is to base the CPI indexation of last year's retail margin in terms of megawatt hours, is an areas of significant concern for us. This is because the components of the retail margin do not move with CPI, Consumer Price Index.

HoustonKemp, our economic advisors, agree and find that the retail margin is not correlated with CPI as it does not reflect the key drivers of changes in the retail margin. There is no empirical basis for the ICRC's new proposed approach, we also think it does not align with the approach taken by other regulators for the retail margin.

Continuing with the proposed approach in the ICRC's final decision would not appropriately compensate for a retailer's risks. We are concerned that the ICRC's proposed new approach to the retail margin will not comply with the pricing objective and principles as set out in the ICRC Act.

ActewAGL Retail urges the ICRC to retain the approach for the retail margin used in previous decision, which is an approach based on empirical analysis and consistent with best practice regulation.

Our second area of main concern is that the ICRC has not indicated whether ActewAGL Retail's incurred costs to comply with the Power of Choice regulatory changes, are eligible for pass through. The ActewAGL

Retail considers that these are legitimate regulatory costs that should be allowed. That's all I have today.

MR DIMASI: All right, thank you. Thank you, Patricia. Is there questions to either us or to ActewAGL Retail?

MR SUTHERLAND: Yes, well, I've got just a few.

MR DIMASI: Sorry. Just for the scribe.

MR SUTHERLAND: For the scribe, I'm Peter Sutherland from ACAT.

UNIDENTIFIED SPEAKER: I might just grab a mic so that we can record it.

UNIDENTIFIED SPEAKER: Do you want to take this?

UNIDENTIFIED SPEAKER: Is there a roaming mic?

UNIDENTIFIED SPEAKER: Well, that can be roaming now.

UNIDENTIFIED SPEAKER: There it is, right there.

UNIDENTIFIED SPEAKER: Sorry, just for the transcript, that's all.

MR SUTHERLAND: Thank you. Our views are expressed in the submission and there is no need to go over them, except to say that we supported the submission pretty well in totality – sorry, the draft report.

MR DIMASI: Yes.

MR SUTHERLAND: There were three areas which I'd like to tease out with the Commission to find what research you are doing or what your approach is going to be, so if I can break them into three and do each one and let other people talk.

But the three, one was the future for green costs, the second is the meter for Power of Choice pass through, and the third, the wholesale price in general and particularly the implications of an even more volatile market than present. So which would you like, which shall I start with?

MR DIMASI: Well, let's do them in order. The green costs, I think - - -

MR SUTHERLAND: Could I put a proposition to you then you can respond?

MR DIMASI: Sure.

MR SUTHERLAND: With the rapid increase in the purchase price that has been seen through the forward modelling, we are now at a situation where you are running at a megawatt hour cost of around about – you estimated I think at already 110.

MR DIMASI: Over.

MR SUTHERLAND: Yes, and you are indicating the volatility will lead to an even higher figure by the time you reset, I'm assuming about 120, 130.

MR DIMASI: That's right.

MR SUTHERLAND: Yes, looking at the graph, looking at what is happening elsewhere. I then look at – we all know what is happening nationally, it's basically a dog's breakfast in policy terms and we may not see very much certainty in the next couple of years, so there could be an even worse increase even faster, more volatility in the wholesale price, or it may stabilise or even come down through a number of things that could happen.

The move to the five minute interval may have a significant impact in the end, obviously the greater integration of renewables into the supply overall, and batteries, and simply possibly away from time of use to a different tariff, all sorts, a whole sort of factors that say that it could go either way. In the short term it's going to go up and up and up, but even in the price path we're looking at it may come down again.

I'm just wondering how you are going to approach this if the volatility becomes even greater during the price period and are you going to allow pass throughs, are you going to do bailouts, or if the price actually comes off quite substantially will that be a windfall because you've set a price?

MR DIMASI: Look, I think it's a very good question. I think part of the answer that you're asking is in this table here. You have seen the table, you have seen that the increase has been 110 per cent and looking to March – we're seeing that we are already well over that. That was only, up to February, it's already well over that. The wholesale price increase, by the time we go to the end of May could be significantly higher, which is unfortunate and will lead to a bigger price increase.

But the average increase that we've got in the decision is 31 per cent, okay, the top line. So what we are doing there is we've got a rolling average, it's not a point on point increase, it's a rolling average, we are assuming that these people are able to hedge over a couple of year period. The argument has been put to us we should take – we should use the higher price and take a forward looking approach whereas we're saying, no, we should be able to hedge over a two year period so that, at least for roughly the life of this kind of decision. That rolling average should subdue those effects, and it does already, because if we didn't have that then surely the price we'd be looking at would be horrendous, I mean it's not pretty now but it would really be quite ugly.

So I think that the model already tries to deal with that to a large extent, as much as it can, given the volatility and given the increases that we're seeing.

MR SUTHERLAND: So you're not thinking that there may be some sort of emergency reset at some point, either up or down?

MR DIMASI: Look, no, no. I think the rolling average really should take care of that. Now, but what we will see is, if the prices stay high, that rolling average goes gradually higher and higher. If it comes off, the lower figures creep in and it starts to slide as well. So that is the approach that the model takes, so we should be able to deal with that.

Having said that, if those prices stay high on an ongoing basis, for a couple of years, then we're in a new world with high prices, and then I think it becomes an issue for the industry and for the policy makers who are there to look what do we do going forward and whether the measures that are being taken are adequate, it goes beyond the regulator if they do stay high.

But I think the model itself is structured in a way to try to mitigate that wholesale price spike that we're seeing. You can't remove it, I mean we're not magicians, you can't remove it, but we certainly can mitigate it. So, I think that's the wholesale point. The metering – sorry, yes?

MR SUTHERLAND: Can I go to the second one, the green costs. With the increasing proportion of the ACT government purchase of wind power in particular.

MR DIMASI: Yes.

MR SUTHERLAND: We're purchasing at an average of about $80, $85, $90, midway now which is well under the sort of price now. In some scenarios where it keeps growing up to 150, 160, the contracted difference it gets from the (indistinct), I would have thought, quite substantial revenues. Now, when you model that do we start seeing positive green costs sometime fairly soon?

MR DIMASI: Look, that is a complicated question, it's more complicated, it's a bit more complicated than it seems and it's an issue that we have focused on. What we propose to do is we are doing some further work to understand the hedging strategy that is appropriate with that scheme in place, and that is something that we're picking up even beyond this decision. We have already indicated that in the draft report and we will be looking at it a little bit further.

So we will be interested, those figures though come through in the network costs because the overs and unders are dealt with through the distributor, not the retailer.

MR SUTHERLAND: No, it comes in your green costs.

MR DIMASI: No, no, that comes from – no, that's not how it works. It comes through the network costs. That's how it's structured.

MR SUTHERLAND: Green costs are inside network costs?

MR DIMASI: There's different kinds of green costs. There's LRET and SRES, separate, you will see them there. There's the Energy Efficiency issues, they are separate. But those large contracts that the government has undertaken with Wind Farms, solar and the like where we've got – we did you say? In the $80s, per megawatt hour for wind. Solar is a lot higher. But, the overs and unders for those, are dealt with through the distributor and come through the network charges.

Now, network charges, as I said, are stuck because of the Court issues but we will pick up that final figure for the green component there in the final decision, whether it's positive or negative we'll have to see. Because whilst, as you say, the figure is around $85, the average in the model is still lower than those costs. So it might well be that we don't, get much benefit this year. In the future, if it stays at $120 or whatever, then yes, it might be that those numbers then start to have an effect but for this year we've still got a way to go with the average of $65 to $70. Mind you, by the time you put in the next three months, we'll see what that reply is then, so we'll see.

MR SUTHERLAND: Be close. So are you saying in fact that the end results of that scheme are actually the AER's responsibility as part of the regulatory framework rather than yours?

MR DIMASI: No, no.

MR SUTHERLAND: Because of network costs?

MR DIMASI: They come through network costs, they're dealt with by the AER which ticks off on them but they will be picked up in this decision.

MR SUTHERLAND: No, no. But where I'm coming from is that, is there the potential for the ACT government to actually take the wins on that actually as for consolidated revenue rather than passing it through to adjust the price?

MR DIMASI: No. As I understand it, the way the scheme works, the overs and unders are passed on to consumers, that's as I understand it.

MR RAWSTRON: That's right.

MR SUTHERLAND: Is that your regulatory responsibility or is it the AER's to make sure that that happens?

MR DIMASI: I think that's built in to the scheme, the mechanisms of the scheme and that's how we're treating it, we will be treating it in here. The mechanisms of the scheme is, as we understand it, it is that they are passed through to customers, both over and under, and so we expect that if they do go up the customers will take a hit here, but if they do come down, the customers will get a benefit as well. So that is how the scheme is designed, as we understand it.

MR RAWSTRON: I need to – can I interject?

MR DIMASI: Yes, please.

MR RAWSTRON: Just to add to what Joe is saying. My name is Michael Rawstron, I'm the CEO of the ICRC. The way the scheme operates is the ACT government, in a sense, assigns its rights to the contract to ActewAGL Distribution to manage, so they actually have the relationship with the distant generators, and the contract for, the differences operate through that contractual relationship.

So the extent that the relevant pool where the generator is located in, they bid into the market, they get paid the pool price, if that pool price is below the contract price then they get topped up, if it's above they refund the difference. All that information is estimated by the distributor, it's provided to the AER and the AER just packs it straight into the system use of charges that it approves and then it comes back to us as a user system charge.

The reason why it's in the model that way is because our model looks at the things that we – the individual cost stack that we look at – but when we look at that data it comes only as a system use charge, we don't get a separate line item that says here is a transmission charge, here is the distribution charge and here is the topper for green costs, it's all added together as a single charge, although we obviously know what the different components are and we can work them out. Sorry, just to clarify how it operates.

MR SUTHERLAND: Yes, thank you.

MR DIMASI: The last one I think you had, so you had metering.

MR SUTHERLAND: Well, Power of Choice generally, yes, but metering in particular.

MR DIMASI: Power of Choice. Look, I think it's pretty much what I said, we understand that with the AEMC's proposals, metering responsibility moves across to the retailers now from the distributors. And we do understand that there are some costs involved in that. However what we are saying – and I want to make this clear – is we will be prepared to recognise the reasonable costs that the retailer incurs in undertaking this role, but we are not assuming that all of the costs should holus bolus be shifted onto the regulated small customer base.

I think the arguments would need to be put to us as to what proportion of costs are reasonable and which ones can be attributable to the regulated small customer base, and which aren't. There might be IT works and other fixed costs. That is for the retailer to work out how to propose to allocate.. Other retailers who are in competition don't have a regulated customer base to spread some of these costs that they may have to deal with.

So what we are saying is there should be a presumption that just because the costs are incurred they will automatically flow through to the regulated small business customer base. But if an argument is made about which proportion of those costs are relevant and do apply to the regulated small customer base, we'll have a look at those.

MR SUTHERLAND: That will be done in the context of a pass through?

MR DIMASI: That will be done - - -

MR SUTHERLAND: Which will be a public process?

MR DIMASI: As part – well, we will – it has to be done by the end of this decision.

MR SUTHERLAND: Now, the pass through events happen during the course of the two years as well.

MR DIMASI: Look, we'll have a look.

MR SUTHERLAND: We really won't know how this is going to work.

MR DIMASI: Any arguments for pass throughs over and above this, the decision, will always be a public process.

MR SUTHERLAND: Just the way I see it, that it's a brave new world and not one that I'm looking forward to, but it's coming. Meters, the type of meter you have may become an element of competition and it may be that we start finding the regulated customer being forced out of the regulated price because of a meter issue rather than being able to just stay on that price.

In other words, their meter needs to be replaced and if you want to have the meter that does x then you've got to enter a contract to have the meter that does x and therefore you are no longer a regulated customer, and by the way, having that meter will cost $1000 but it won't cost you, it will be free provided you stay with us for two years.

MR DIMASI: Well, if the meter was – if that proposition was put I'd be ringing my former colleague, Rob Sims, because the way you put what you just put would probably be in breach of Consumer Laws I suspect. But I do understand your point, your general point, that is that there will be offers that will be available to regulated and to non-regulated customers. Look, if those offers are attractive enough and the retailer encourages people to move off the regulated base to non-regulated, and if people do it so in an informed way.

MR SUTHERLAND: Absolutely.

1. MR DIMASI: If that provides a better deal, we are all in favour of that.

MR SUTHERLAND: Absolutely.

MR DIMASI: But that's what we have to ensure, that we don't go beyond that. All right. Any other questions or comments? Sorry, you've got a - - -

MS NEWMARCH: I was going to say something.

MR DIMASI: Yes, please. Would you like to come up here?

MR RAWSTRON: You can come up.

MR DIMASI: If you could, please, just tell us who you are for the scribe?

MS NEWMARCH: So I'm Eileen Newmarch and I'm from the Energy Consumers Policy Consortium that has been formed to represent the energy consumers in the ACT, and consists of a consortium of the ACT Council of Social Services, Care Financial Counselling, Conservation Council of ACT Region, SEE-Change, and Small Business Taskforce of the Canberra Business Chamber. We have made a submission and all of that is on the submission if you – I was going to say, for that list of names.

But we just wanted to make, I suppose, a public statement about our concern that consumers are facing yet another electricity price increase well above inflation, and that given this is likely to be even higher than 10.9 per cent there is some areas that is going to significantly impact on consumers.

One of them is people on fixed income, so that's about 30,000 ACT households who currently receive energy concessions and/or hold a concession card, so that is quite a high proportion of the ACT, I suppose, consumers. But it is also going to impact on small business, many sole trader operators work from home and there is around – in June 2015, 14,600 businesses with no employees in the ACT, so that is a significant number of businesses that are likely to be operating out of home, and that also small non-residential customers are facing big increases as well.

Also, community services organisations, and they have actually had, a lot of them, have had their funding frozen and they are working within it, so these huge increases in electricity are really going to create stress on providing community services.

We note that the major driving factor is outside the control of the retail sector and that it comes from wholesale costs, and from the huge cost of distribution. We also note this is partly driven by uncertainty in the wholesale market so we're not getting the investment that we need in the wholesale market, and obviously, again, that is beyond the power of the ICRC to address, but if it was addressed we may see some downward pressure on prices.

So we welcome the decision of the Commission to restrict any increase in the retail margin to the CPI increase and we also welcome the Commission's decision to refuse to introduce the CARC Competition allowance. We also consider that it is correct to leave the Power of Choice reforms, I was going to say, not having a pass through.

We also wanted to see there is no opportunistic behaviour there between – I mean distribution is losing it so it should result in a fallen distribution costs, and retail is not being opportunistic in passing on prices that, I was going to say, they otherwise would have had to meet in the general run of, I was going to say, doing meters.

We also note that there is likely to be increased demand for assistance under the ACT Civil and Administrative Tribunal hardship assistance program and Community Organisation emergency relief programs, and that we strongly support, or recommend the Commission supports, action by the ACT government to shield the most vulnerable customers by looking at an increase in energy concessions. We also think the industry is going to need to work really hard to improve hardship programs to better identify and offer more substantial support to customers unable to pay their accounts because they are facing lease increases.

Thank you for the opportunity to speak.

MR DIMASI: Thank you. Any other questions or comments? No? ActewAGL Retail, any responses or any comments, any further comments?

MS CAMERON: No, thank you.

MR RAWSTRON: Well, if there are no other, any other comments or questions I suppose you can close the meeting, or adjourn.

MR DIMASI: Last chance? All right, well, in that case.

MR RAWSTRON: Bring down the gavel.

MR DIMASI: Thank you for your attendance, thank you for your input. This is obviously a difficult area, we only have a very short period of time to finalise our decision, so we will be working very hard to bring out our final report, we have got to do that by early June so that it can be applied by 1 July. We will certainly take all the views that we have heard and deal with those in the final report, but if anyone has got any further submissions, I know that we are running that very close, but send them in.

But other than that, thank you all. I close the forum and we will go on with finalising the report. Thanks very much.

Closed **[3.47 pm]**