

## **Barton Deakin Brief: The Energy Price Safety Net**

**23.10.2018**

Today the Prime Minister the Hon Scott Morrison MP, the Treasurer the Hon Josh Frydenberg MP and the Energy Minister the Hon Angus Taylor MP announced the Government's new energy policy: the Energy Price Safety Net. The stated priorities of the Government are to ensure reliability and to reduce energy prices.

This Barton Deakin Brief will give an overview of the plan for an energy price safety net, the measures the Government will be taking and the consultation process.

### **Key Points**

The measures have been taken in response to the Australian Competition and Consumer Commission's (ACCC) recommendations from the Retail Energy Pricing Inquiry. The key points from the announcement are listed below:

- The Government has formally asked the Australian Energy Regulator (AER) to introduce a default market price for households and small businesses which would be consistent across all retailers and set by the AER – This will take effect from July 1, 2019;
- A reliability obligation will be introduced which requires all Australian energy retailers to supply sufficient dispatchable power to the market;
- The ACCC will set a "reference bill" for each state to help consumers compare offers from different companies;
- The ACCC will be able to force energy retailers to pass on reductions in wholesale prices to customers and they will lead a crackdown on anti-competitive practices through fines, penalties, structural separation and divestiture;
- The Government plans to underwrite new generation investments focused on improving generation capacity and reliability;
- Retailers will be given until January 1, 2019, to cut prices or they will be subject to further regulation.
- The potential annual electricity savings for households by state are: South Australia \$832, Victoria \$574 to \$652, South East Queensland \$504, New South Wales \$365 to \$411, Australian Capital Territory \$273.
- Gas savings across the country are predicted to be: Victoria \$690 to \$751, Australian Capital Territory \$192, New South Wales \$177 to \$185, South Australia \$108 to \$161, South East Queensland \$31 to \$45.



### **Consultation Process**

The Government is calling for submissions on the Underwriting New Generation consultation paper which can be found [here](#). Submissions close on the 9 November 2018.

The Government will release initial program guidelines and invite interested parties to nominate projects through an expression of interest process open from December 2018 to January 2019.

### **Further Information**

The Government's Instruction to the Australian Energy Regulator can be found [here](#)

The fact sheet for the Price Safety Net can be found [here](#)

The Prime Ministers Joint Press Conference with the Treasurer and Energy Minister can be found [here](#)

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