

MEDIA RELEASE

United fight against rising electricity costs

With electricity prices rising by over 50 per cent in the past five years - and further rises expected largely due to increasing network costs and coal and gas prices - an unprecedented national alliance of business, community and consumer groups has formed to seek decisive reforms to fix a broken system and help ease the burden on households and businesses.

To support public debate, the Australian Industry Group, Brotherhood of St Laurence, CHOICE and the Energy Efficiency Council have jointly commissioned a wide-ranging review of realistic options to reduce electricity prices. Respected energy consultancy Oakley Greenwood prepared this independent review, *Policy options for maximising downward pressure on electricity prices*, released today.

The group now proposes a comprehensive package of essential reforms: a plan for affordable energy. Recent reports by the Productivity Commission and the Australian Energy Market Commission support many of the recommendations in this policy package, however, the package adds important new ideas to the debate and goes well beyond these reports to cover generation, networks, retail, end use and consumer protection. This package includes:

- A stronger system for regulating electricity networks, including giving the Australian Energy Regulator more powers and the resources to use them, and better incentives for efficient investment;
- A proposal to set minimum targets for distribution network companies to use demand-side activity to reduce spending on new peak-driven infrastructure;
- Ensuring that electricity users who reduce their demand for electricity during peak and 'super peak' periods can benefit through the wholesale market and energy efficiency schemes;
- A robust system for protecting consumers, particularly vulnerable consumers; and
- A stronger role for all consumers in the regulatory system, including a consumer advocacy body.

Our key messages are:

- **It is essential that governments take action now to reform the electricity market.** Some reforms can be implemented quickly and some will take time, but if we don't start the process now we will lock in billions of dollars in unnecessary infrastructure and higher bills for years to come.
- **Australia needs a package of strong policies, not a silver bullet.** Any one policy, on its own, will only have a limited impact on electricity prices. A mix of policies is needed that engages all parts of the market: generation, networks, retailers and customers.

Australian Industry Group Chief Executive, Innes Willox, said: "Australian businesses were already paying more than they should for energy before the carbon price began, and were less competitive as a result. A smarter system can help all of us – business, households, and the electricity sector – get more for our money and deliver lower prices."

Chair of the Brotherhood of St Laurence's Climate Change and Equity Program, John Thwaites, said: "Everyone pays the price for a broken system; including those who can least afford it. Getting the costs of peak demand and network investment under control is a national priority."

CHOICE Chief Executive Officer, Alan Kirkland, said: "The rules under which our electricity networks operate need to give a sharper incentive for efficiency – and consumers need a much stronger voice in the application of those rules."

Energy Efficiency Council Chief Executive Rob Murray-Leach said: "All parts of the electricity system could be improved to ensure affordable energy – from the wholesale market to networks to retail to end use efficiency. Consumers, economists and regulators all now agree that electricity reforms are essential. It is time for action."

The report will be launched TODAY (29 October) 10.30am at Ai Group Sydney office, Ground level, 51 Walker street North Sydney. You can also dial in (Phone: 1800 500 536 PIN: *80167385*)

Joint statement: <http://www.aigroup.com.au/link/dT>

Full report: <http://www.aigroup.com.au/link/dU>