

The National electricity supply market comprising Generation, Distribution, and Retail have for many years replaced the old State Electricity Trusts and Commissions that had the efficiency and advantage of a single State/Territory infrastructure keeping Australian electricity costs the envy of the World.

Divestiture self regulation, AEMC pricing determinations and the concept of and the subsequent escalation of costs in all three elements of the market have never been holistically costed and analysed for productivity, efficiency or effectiveness in meeting the needs of Business and Domestic consumers.

Arguably the decline of Business demand over time has apportioned a higher percentage of costs charged to the consumer. Indeed, the previous decade of distribution networks “Gold Plating “ the poles and wires knowing their costs would be accepted by the Regulators on the basis of the artificial cost formula simply increased consumer costs without other benefit (Smart Meters being an example of charges to consumers without benefit).

It is suggested that import/export pricing for the distribution networks is a further step to increase consumer costs without demonstrable benefits to consumers. The extraordinary “Robin Hood” concept that the wise consumer who has invested in PV should effectively subsidise others is a distortion of market power. By the regulator.

Time for the AEMC to take a cost based historical referenced total cost of electricity over time and to demonstrate value to the consumer.

An extraordinary situation now occurs where a private Australian solar power system can deliver energy via undersea lines to Singapore and compete in that market which has and expects to continue a lower consumer cost/kWh when compared to Australian consumer pricing.

Solar PV take up by consumers was on the basis of an export price originally 60c/kWh now a fraction of that price. The imposition of a further restriction or throttling of export power and the extraordinary suggestion in this draft that consumers should be encouraged to purchase home batteries makes no economic sense. Accordingly, the AEMC and the Productivity Commission should at the least be charged with a full analysis of the end to end market and its regulation specifically to the ever increasing costs justified by the self regulation rules in the market.

If the power generation by consumers is now 20% of available generation capacity and expected to increase then such PV generation should be considered as a prime but distributed generator rewarded according to the generation pricing structure when in generation mode. The current system of minimal export retail pricing coupled with the throttling or even charging to generate power should be abandoned and revert to the same conditions as major generators.

The AEMC draft states export pricing will “potentially” result in significant consumer benefits. This is at odds with subsequent statement on consumer billing examples when there are significant cost impositions through reduction in benefits.

Concluding that updating regulatory frameworks for only the retail distribution and access pricing should not be taken in isolation from the total electricity market.