Committee Secretary
Senate Select Committee on Electricity Prices
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Parliament House
Canberra ACT 2600

The Sustainable Energy Association of Australia welcomes the opportunity to provide commentary on electricity prices in Australia and believes there is a need for the Federal Government through the COAG process to speed up energy market reform to allow market competition and consumer choice.

SEA contends that an open, transparent and competitive market is the best means of achieving secure, affordable and efficient supply of electricity. Such reforms will facilitate investment in efficient electricity generation, drive efficiency and innovation through retail choice and incentivise energy efficiency.

In Western Australia, for example, energy market reforms leading to the disaggregation of Western Power in 2006 were strongly supported by industry to create a competitive market, and those reforms are not yet complete.

The reform process has to date achieved some important successes with $2 billion of private investment in electricity generation, greater security of supply, and a competitive market opened to medium and large size businesses allowing choice in electricity retailer and competitive electricity pricing.

Monopoly operations anywhere are a barrier to developing a free market with competitive pricing and innovative new products - for the benefits of electricity reform to flow to small business and to residential consumers the reform process needs to continue and bring about full retail contestability through the development of competition in the generation, wholesaling and retailing of electricity.

SEA notes CCI repeats old myths on claimed inefficiencies of renewable energy schemes, primarily by regurgitating a flawed analysis from the State's Economic Regulation Authority (ERA) that claimed an adverse impact of renewable energy schemes on consumers, a position SEA has previously argued was developed on old data.

Many commentaries present long outdated numbers on the cost of renewables and often fail to appraise the rapid changes in renewable energy pricing now widely reported for 2012, nor do they consider the potential for ongoing rapid price reductions in the deployment of renewable energy into the future.

A shift to lower emissions electricity generation through the renewable energy target, including wind and solar power, has made a relatively small contribution to price rises, but no consideration has been made of the balancing that has now been reported by utilities across Australia, and evident reduction in growth requirements on the main contributors to price increases, meaning fewer upgrades to poles and wires, improved electricity quality and reliability, and avoiding the need for investment in new fossil-fuel based generation.

On-going electricity price reform is eliminating mechanisms that led to subsidies for the use of fossil fuel in the generation of electricity, and an absence of cost reflective pricing that has

perversely inhibited the take up of renewable energy in Australia.

Similarly, SEA is concerned that the rate of change in the electricity market around Australia is not informing plans for large infrastructure spend.

Decline in electricity consumption is being witnessed across Australia as increasing energy efficiency in homes and businesses combines with domestic and business consumer reaction to price rises bringing behavioural change reducing electricity use, and supported by massive growth in roof-top solar generation of electricity dropping on-grid consumption by households means this decline will continue.

Decisions on increasing levels of public investment in electricity infrastructure are being driven by assumptions that increasing consumption patterns requires more investment to keep pace with demand, assumptions that are clearly flawed when the 2011/12 data from around Australia and around the world is considered.

SEA would be pleased to appear before the Committee to provide should a hearing be held in Perth.

Professor Ray Wills
Board Member and Chief Adviser
Sustainable Energy Association