



MEDIA RELEASE

Expert Panel Releases Draft Report

The independent Expert Panel tasked with reviewing Tasmania's electricity sector today released its Draft Report.

Panel Chairman, Mr John Pierce, said that the Report proposes logical market reforms designed to deliver improved competition and choice for Tasmanian consumers.

"Large retailers that are not currently active in Tasmania would find the Tasmanian retail market potentially attractive", he said.

Mr Pierce said that the main barrier to effective retail competition is a lack of choice at the wholesale level.

"So long as Hydro Tasmania remains the dominant wholesaler, major national retailers will not enter the Tasmanian market and choice for households and small businesses will be stymied. Unlocking greater retail competition in Tasmania, and with it, effective customer choice, hinges on this issue being addressed", he said.

The Panel has put forward three reform options to overcome the current shortcomings in the wholesale market in Tasmania.

- The first is a regulatory approach involving the auction of contracts from Hydro Tasmania.
- The second would involve the creation of up to three new businesses to compete in trading Hydro Tasmania's output, while Hydro Tasmania would be retained as an integrated generator.
- The third approach would involve increasing competition for Hydro Tasmania by combining the Victorian and Tasmanian NEM regions.

Mr Pierce said that if the wholesale market issue was properly addressed, effective full retail contestability could rapidly follow.

Retail competition for household and small business customers could be actively supported and encouraged by converting Aurora Energy's retail business into a number of parcels and selling them to retailers wishing to compete in the Tasmanian market.

This would be supported by Tasmania's implementing of the National Energy Customer Framework, which the Government has committed to adopt.

The Draft Report details the Panel's findings on the key developments and trends in the electricity sector over the past decade. The Report covers, amongst other things, recent pricing trends, the performance of Tasmania's energy businesses and the impact of Basslink and Aurora Energy's acquisition of the Tamar Valley Power Station.

"The Panel believes that its findings and recommendations address important questions about the sector that the Tasmanian community has been asking for some time.", Mr Pierce said.

Mr Pierce emphasised that there would be a detailed consultation process before the release of the Panel's Final Report in March 2012. Consultation will be particularly focused on gathering feedback and input on the proposed reform paths, he said.

The Panel is inviting written submissions on its Draft Report and will also be holding a round of Community Hearings in February 2012.

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