

# Electricity Panel Community Hearing

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Peter Dane

# Who am I?

- 1987 – Telstra, State Manager Directory Services
- 1995 – Hydro Tasmania, Business Analyst
- 1998 – Aurora Energy, Market Segment Manager
- 2001 – TasTel, Marketing & State Manager
- 2004 – Aurora Energy, Manager Marketing
- 2008 – Aurora Energy, Pricing & Regulation Manger

# The Report

- A landmark paper on the TESI in Tasmania
- Provides a thorough and comprehensive summary
- Key reforms:
  - Competition in Wholesale Trading
  - Full Retail Contestability
- Recommendations are extremely broad
- Promise of actions for development of an Energy Strategy ...

# A story ...

- Positive quarterly EBITDA
- Viable and sustainable growth over time in a competitive market by developing a loyal customer base, brand value and business expertise with opportunity for future profitable ventures.



# Industry View

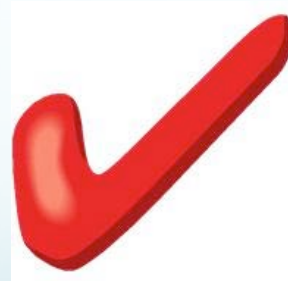
**Lower  
Delivered  
Price of  
Energy**

**=**

**Increased  
Efficiency  
of supply**

**+**

**Reduced  
Retained  
margin**



# Customers View



This is what customers want – TOR 7

# Challenges

- Will competition in trading work and reduce prices?
- Will retail competition work in Tasmania?
- How can customers reduce their cost of energy?

# Wholesale Trading

- Leave it to others ...
- Can't see evidence of this working significantly
- 5% to 10% less in the next price determination !
- Will not match increases in carbon pricing and new renewable ...



# Competition in Retail

- Hasn't worked in ACT/Canberra
- In Tasmania:
  - Telecommunications – Fixed, Mobiles, Cable TV and Internet Service provider's
  - Transport – road, rail, sea and airways
  - Supermarkets and retail chains
  - Petrol pricing
  - Electricity and Natural Gas

# Customer cost control

- No options for access to Natural Gas
- No clear direction for reducing network costs
- No new options for concession and CSO's payments
- No reference to Smart Metering, Home Energy Management Systems or Energy Efficiency Programs and the cost reductions they present

# Conclusion

- Excellent research and analysis in the report
- Recommendations don't seem to follow the report
- Big ticket options unproven and rely on future behavior of participants
- Nothing in the short term for customers to help them reduce their costs of living.
- Thank you.