

Information Bulletin

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New Federal Energy Minister outlines priorities

The new Federal Minister for Energy, Angus Taylor MP, outlined his and the Morrison Government's energy policy priorities in a speech at the [Council of Small Business Associations of Australia Summit](#) today in Sydney.

The [speech](#) is being widely covered, including by The Guardian [here](#). A video of the speech is available on YouTube [here](#).

This was Minister Taylor's first speech since being sworn in earlier this week. The speech expanded on the focus on lower energy prices that both [he](#) and the [Prime Minister](#) (AFR paywall) have been emphasising since the new ministry was formed.

In the speech, Minister Taylor sketched out the philosophy and experience he brings to the energy portfolio: a deep connection to the Snowy Scheme and renewable energy through his grandfather who was one of its key architects; a strong scepticism about subsidies and overly complicated 'technocratic' policies and schemes; and an analytical background as a management consultant and someone who believes in clear, simple measurable goals.

The Minister then outlined his policy priorities, including (paraphrasing):

- *Empowering consumers*, including via a price 'safety-net' comprising (inclusive) of a default offer based on the Australian Competition and Consumer Commission (ACCC) recommendation, easier switching and a code for comparator services.
- *More competition and reliable supply* (noting the challenges posed by tightening demand and supply balance, greater vertical integration), including through the ACCC recommendations around capping generation shares and underwriting new generation. He emphasised the importance of encouraging the retention of the existing generation and the role that the government could play in creating an environment of confidence for private investment.
- *Stopping 'price gouging'*, noting: the reforms to the Limited Merits Review (LMR) following unacceptable over-investment in networks; the potential for strategic bidding in the wholesale market; and (looking forward) the [ACCC's new reference from the Treasurer ongoing role to monitor the performance of the electricity market](#) and report (a report every six months) as a precursor to strong Government intervention if required and divestment.

BACKGROUND

ACCC Electricity market monitoring 2018-2025¹

On 20 August 2018, the Treasurer directed the ACCC to hold a public inquiry that will monitor the prices, profits and margins in the supply of electricity in the National Energy Market. The inquiry will provide its first report by 31 March 2019 and at least every six months thereafter until the conclusion of the inquiry on 31 August 2025. The ACCC will also provide information to the market as appropriate.

Scope of Inquiry

Matters to be monitored and taken into consideration in the inquiry include but are not limited to:

- electricity prices faced by customers in the National Energy Market including both the level and the spread of price offers, analysing how wholesale prices are influencing retail prices and whether any wholesale cost savings are being passed through to retail customers*
- wholesale market prices including the contributing factors to these such as input costs, bidding behaviour and any other relevant factors*
- the profits being made by electricity generators and retailers and the factors that have contributed to these*
- contract market liquidity, including assessing whether vertically integrated electricity suppliers are restricting competition and new entry, and*
- the effect of policy changes resulting from recommendations made by the ACCC in its Retail Electricity Pricing Inquiry report of July 2018.*

Where appropriate, the inquiry will make recommendations to government(s) to take any proportional and targeted action considered necessary to remedy any failure by market participant(s) (or the market as a whole) to deliver competitive and efficient electricity prices for customers.

¹ See full terms of reference and background at <https://www.accc.gov.au/regulated-infrastructure/energy/electricity-market-monitoring-2018-2025>