

20 December 2012

Review of regulated retail prices and charges for electricity 2013 to 2016  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

*Via website upload*

To whom it may concern,

Thank you for the opportunity to participate in IPART's *Review of Regulated Retail Prices and Charges for Electricity 2013 to 2016*. The NSW Business Chamber is one of Australia's largest business support groups helping around 30,000 businesses each year, ranging from owner operators to large corporations, incorporating product-based manufacturers to service provider enterprises. Operating throughout its network in metropolitan and regional NSW, the NSW Business Chamber represents the needs of business at a local, state and federal level, advocating on behalf of its members to create a better environment for commerce and industry.

High energy prices remain a key concern for our members. In the NSW Business Chamber's December quarter 2012 Business Conditions Survey, 49% of respondents rated rising energy costs as having a significant or very significant impact on their business. This is up from 44% of respondents in the September quarter.

Any action to deregulate markets must not result in higher prices than would have been the case under a regulated market.

While a deregulated market for all consumers is a worthy objective it should not be considered as an end in itself. Deregulation should only occur if there is proven to be adequate competition within the electricity market for all consumers, including business consumers. This means that all consumers should have access to a range of providers, have clear access to information and should be able to move between providers easily all leading to efficient prices.

The NSW Business Chamber will closely follow the AEMC's review into the extent of competition in the NSW energy market. It is particularly important to assess competitiveness in the electricity markets in regional areas where there may be fewer participants and possible barriers to market entry. The NSW Business Chamber supports full deregulation only if there is adequate competition throughout the entire state.

In the case of both the AEMC and IPART finding there is adequate competition in the NSW market, any move towards deregulation should be gradual, with appropriate checks and balances along the way. The NSW Business Chamber also notes that IPART has been directed to change its definition of 'small customer' which means that small business consumers using between 100 and 160 MWh of electricity per annum will now effectively be forced onto deregulated pricing.

In any move to deregulated pricing it is important to monitor the performance of markets and impacts on small business consumers. These effects should be quantified in further reports.

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For small customers, IPART proposes an opt-in pricing model which would result in all existing regulated retail prices becoming unregulated, with a limited number of new regulated cost-reflective prices set for each Standard Retailer. Customers would automatically remain on their current price which would become unregulated and would have to opt-in to regulated prices. Any move to this system should only occur after IPART is convinced that customer awareness in the market has not only improved, as it states has occurred since 2010, but should also ensure that the awareness of users is adequate for this change to occur. The evidence of this should also be provided in future reports.

Given the current fragile state of both the economy and business confidence, it is imperative that further moves towards price deregulation do not lead to higher prices than otherwise would have been the case. The NSW Business Chamber anticipates further evidence of these factors in the coming months which will enable IPART to make an evidence-based assessment to ensure that consumers are not disadvantaged from these proposed changes.

For further information on this issue, please contact Larissa Cassidy on 9458 7359 or at [Larissa.Cassidy@nswbc.com.au](mailto:Larissa.Cassidy@nswbc.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul Orton". The signature is fluid and cursive, with the first name "Paul" being more prominent than the last name "Orton".

Paul Orton  
**Director, Policy and Advocacy**