

## A fair deal on energy

The Hon Scott Morrison MP, prime Minister; The Hon Josh Frydenberg MP, Treasurer; **The Hon. Angus Taylor MP**, Minister for Energy

*Joint media release*

*23 October 2018*

Australian families and businesses will save hundreds of dollars a year off their power bills, thanks to action being taken today by the Morrison Government.

The Australian Energy Regulator (AER) will start work on a “price safety net” today. This will stop big power companies ripping off loyal customers who don’t have time to shop around for a better deal.

However it will still allow retailers to offer more competitively-priced market offers. The price safety net is consistent with the recommendations of the Australian Competition and Consumer Commission (ACCC) Retail Electricity Pricing Inquiry.

The Australian Energy Market Commission found that customers on standing offers could be paying up to \$832 per year more than the cheapest market offer in some regions. Small businesses could be paying up to \$3,457 per year in higher electricity costs.

The AER has been tasked with introducing default prices by 30 April 2019 with savings being passed through to families and small businesses by 1 July 2019.

Other measures announced today by the Morrison Government that will bring prices down and increase reliability are:

- **Stopping price gouging by the big energy companies.** This includes banning sneaky late payment penalties and making energy retailers pass on savings in wholesale prices to customers. It will increase regulator’s power to crack down on dodgy, anti-competitive practices - through fines, penalties, enforceable undertakings, structural separation and divestiture. We have already seen prices come down in Queensland, South Australia and New South Wales on 1 July 2018, and we have directed the Australian Competition and Consumer Commission (ACCC) to monitor electricity prices until 2025 to ensure prices are fairer for consumers.
- **Backing investment in new power generators** to improve competition. Underwriting new electricity generation will attract investment in the electricity market, increasing supply and reducing wholesale electricity prices. The Government will consult on the Underwriting New Generation

Investments program, with submissions open until 9 November 2018. Based on feedback from the consultation, the Government will release initial program guidelines and invite proponents to nominate projects through an expression of interest process open from December 2018 to January 2019.

- **Supporting reliable power** by requiring energy companies to sign contracts guaranteeing enough energy to meet demand. We will work with state and territory governments through the COAG Energy Council to ensure these contracts are signed.

The package of measures announced today builds on the ACCC's July report, *Restoring electricity affordability and Australia's competitive advantage*. The report found that the National Energy Market is not operating in the best interests of consumers and needs reform, in particular around competition and affordability.

Our plan will lower power prices, supporting Australians struggling with the cost of living, and back small businesses so they can take advantage of new opportunities and employ more people.

The Government is also developing legislation to implement a strong regime to monitor electricity prices including:

empowering the ACCC to recommend a range of enforcement remedies;

empowering the Treasurer to order the divestiture of assets on advice from the ACCC; and

supporting the COAG Energy Council agenda through Commonwealth legislation if required.

We will also propose an ambitious agenda for the COAG Energy Council including:

- introducing a market cap on generation ownership;
  - increasing transparency in the wholesale contract market;
  - introducing higher penalties for breaches of the National Electricity Law and related laws, of up to \$10 million; and
  - increasing the AER's powers to investigate market manipulation and impose appropriate remedies.
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- [Underwriting new generation investments - fact sheet \(PDF - 2.57 MB\)](#)
  - [Stopping price gouging - fact sheet \(PDF - 361 KB\)](#)
  - [Retailer reliability obligation \(fact sheet - 361 KB\)](#)

- [A price safety net - fact sheet \(PDF - 364 KB\)](#)