



TREASURER

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Sims

I am writing to require the Australian Competition and Consumer Commission (ACCC) to hold a public inquiry into the supply of retail electricity and the competitiveness of retail electricity prices in the National Electricity Market (NEM) pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010* (CCA).

I enclose a notice under subsection 95H(1) of the CCA identifying the matters the inquiry is to consider and when the inquiry is to be completed.

The final report must be submitted to the Government by 30 June 2018 and the ACCC must submit to me a preliminary report within six months. I understand the ACCC will require additional resources to undertake this inquiry.

I have copied this letter to the Prime Minister and the Minister for the Environment and Energy.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Morrison'.

The Hon Scott Morrison MP

27 / 3 / 2017



COMMONWEALTH OF AUSTRALIA

COMPETITION AND CONSUMER ACT 2010

INQUIRY INTO RETAIL ELECTRICITY SUPPLY

I, Scott Morrison, Treasurer, pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010*, hereby require the Australian Competition and Consumer Commission to hold an inquiry into the retail supply of electricity in the National Electricity Market (NEM).

This is an inquiry into the competitiveness of retail electricity markets within the NEM. While the focus of the inquiry is on retail markets, the operation and competitiveness of the wholesale electricity market significantly affects retail market outcomes and needs to be considered in this context.

Matters to be considered by the inquiry shall include, but not be restricted to:

- i. the key cost components of electricity retail pricing in the NEM and how they have changed over time;
- ii. the existence and extent of any barriers to entry, expansion and/or exit in retail electricity markets;
- iii. the extent and impact of vertical integration in the NEM;
- iv. the existence of, or potential for, anti-competitive behaviour by market participants and the impact of such behaviour on electricity consumers;
- v. any impediments to consumer choice, including transaction costs, a lack of transparent information, or other factors;
- vi. the impact of diverse customer segments, and different levels of consumer behaviour, on electricity retailer behaviour and practices;
- vii. identifying any regulatory issues, or market participant behaviour or practices that may not be supporting the development of competitive retail markets;
- viii. the profitability of electricity retailers through time, and the extent to which profits are, or are expected to be, commensurate with risk; and
- ix. all wholesale market price, cost and conduct issues relevant to this inquiry.

This is not to be an inquiry into supply by any particular person or persons, or by a State or Territory Authority.

The inquiry is to commence today and submit to me a preliminary report within 6 months and a final report by 30 June 2018.

DATED THIS 27th DAY OF March 2017

A handwritten signature in black ink, appearing to read 'Scott Morrison', written over a horizontal line.

SCOTT MORRISON
Treasurer