

Electricity reforms benefit consumers

Several changes have been approved recently in the distribution of electricity that will ultimately contribute to the reform of the electricity market. The end result of the reforms will be a more nationally integrated market in southern and eastern Australia by interconnecting State and Territory transmission grids. They will ultimately reduce business and household energy costs, and increase Australian industry's international competitiveness.

Code changes for the proposed Basslink interconnector

While the competition issues associated with Tasmania's application to join the national electricity market is being considered by the ACCC, the technical issues surrounding the proposed Basslink interconnector between Tasmania and Victoria will be decided by a special committee, the Inter-Regional Planning Committee. The National Electricity Code was changed to allow the committee to consider these issues, and to empower NEMMCO (the National Electricity Market Management Company) to impose any technical requirements on its connection to the mainland grid.

Tasmania is likely to join the national electricity market in 2003, which will facilitate the flow of electricity from Tasmania to Victoria and back, if necessary. Any extra power generated in Tasmania can then be sold into the national grid, benefiting consumers and the industry itself in Tasmania and the rest of Australia.

Amendments to the code benefits Queensland consumers

The date of the commissioning of the Queensland–New South Wales interconnector (QNI) has been brought forward. It is now likely to be commissioned in January 2001, rather than December of that year, just in time for peak Queensland summer usage. It will ensure adequate power supply for consumers, with airconditioning creating high demand. An added benefit of a more plentiful supply is likely lower prices.



GST-exclusive prices

The national electricity code has been changed to specify that the wholesale prices of electricity will be GST-exclusive. These are effectively the prices that apply between the sellers of electricity into the grid (e.g. the Snowy Mountains Hydro-electric Authority) and the buyers (the State-based electricity distributors and retailers). Retail prices faced by consumers and businesses will continue to be GST-inclusive.

Greater transparency in the bidding process

Changes in the code will mean the bidding and rebidding processes that operate between suppliers and buyers of electricity will be more transparent. Previously, the system was susceptible to some manipulation and could have an anti-competitive impact on the market. This in turn could artificially inflate prices.

Rebidding prices now have to be properly accountable and can be published by NEMMCO.