



Competition Policy Review Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

6 June 2014

Dear Sir / Madam,

RE: Clean Energy Council Submission to Competition Policy Review Issues Paper

The Clean Energy Council (CEC) welcomes the opportunity to provide comment on the Issues Paper for the Competition Policy Review.

The CEC is the peak body representing Australia's clean energy and energy efficiency industries. Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies
- develop effective legislation and regulation to improve energy efficiency
- work to reduce costs and remove all other barriers to accessing clean energy

The CEC works with over 550 member organisations and governments to identify and address the barriers to efficient industry development in the energy efficiency and stationary energy sector. The clean energy industry contributes to the generation of electricity using wind, hydro, solar, biomass, geothermal and marine energy as well as the emerging technologies and service providers in the energy efficiency sector including solar hot water and cogeneration.

Please do not hesitate to contact the undersigned for any queries regarding this submission.

Yours sincerely,

Darren Gladman  
Policy Manager



# Clean Energy Council submission to the Competition Policy Review Issues Paper

## Executive Summary

The Competition Policy Review is an opportunity to reduce the cost of electricity.

There are too many regulatory barriers that prevent rooftop solar and 'behind the meter' storage from competing head-to-head with the large generators and retailers. The Review is an important opportunity to remove unnecessary regulatory restrictions that currently apply to the solar PV industry.

The electricity market has evolved significantly since the last review of Competition Policy. In particular, distributed generation and storage is now cost-competitive with centralised generation and transmission. However the distributed generation and storage sector faces regulatory barriers and administrative burdens that prevent centralised generators from being fully exposed to competition from distributed generation and storage.

Distribution businesses are a regulated monopoly. Distributed generation and storage competes with electricity distribution. There are a number of aspects of their business operations that distribution businesses can undertake without regulatory oversight by the Australian Energy Regulator (AER). Many of these can adversely affect prospects for distributed generation and storage. In other words, there are situations where a privately owned monopoly business is acting as the de facto regulator of its competition. This is anti-competitive and this situation needs to be rectified.

Tariff structures and grid connection rules set by distribution businesses can be used to impede competition from distributed generation and storage. Distribution businesses should not be free to set tariffs and grid connection rules without regulatory oversight.

The CEC welcomes the opportunity to work with Competition Policy Review to achieve a more competitive market, enabling fairer and more efficient pricing for consumers. To that end, we call on the Review to support the following policy objectives:

- Distribution businesses should not be free to set tariffs or change customers' tariff structures without regulatory oversight by the AER.
- Grid connection processes should be supported by clear rules with consistent obligations on distribution networks, while reinforcing AER's role in overseeing these negotiated services.

## Tariff setting by Distribution Businesses

Distribution businesses are able to use their tariff setting powers to unfairly eliminate competition. For example, when businesses in South Australia install solar PV systems the monopoly distribution (SA Power Networks) changes the electricity tariffs in ways that can make the installation of solar uneconomic. An SA Power Networks fact sheet published in October 2013 (available at [www.sapowernetworks.com.au](http://www.sapowernetworks.com.au)) warns customers considering the installation of solar PV by way of an example. In the example a South Australian business with an annual distribution network charge of less than \$20,000 installs a small (3 kW) solar PV system. As a result, the business' annual distribution network charge increases to more than \$30,000. This is anti-competitive.

Distribution businesses are powerful monopolies and should not have tariff setting powers free of regulatory oversight that allow them to price their competitors out of business.

## Grid connection processes by Distribution Businesses

Distributed generation and storage competes with electricity distribution. Distribution businesses are able to determine the rules that apply to distributed generators wishing to connect to the grid.

Grid connection processes should be supported by clear rules with consistent obligations on distribution networks, while reinforcing AER's role in overseeing these negotiated services.