

April 2016

Climate phoenix

A sustainable Australian climate policy

Tony Wood and David Blowers



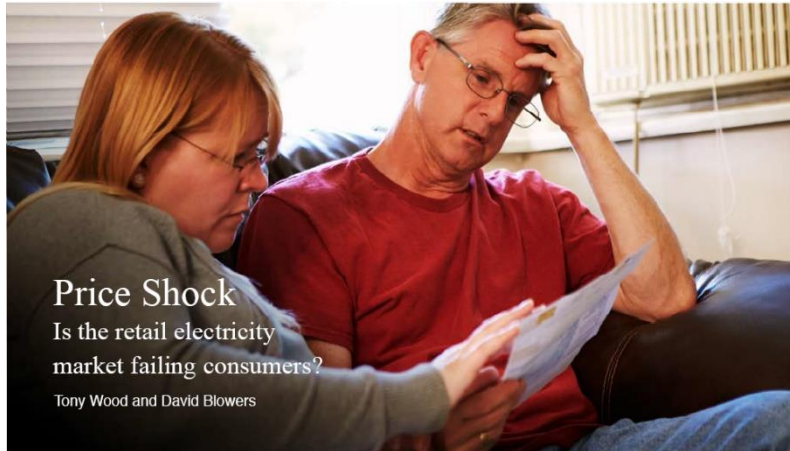
GRATTAN Institute

Energy Markets: Are They Delivering Benefits for Customers?

Price Shock

Is the retail electricity
market failing consumers?

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Next Generation

The long-term future of
the National Electricity Market

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SIEW 2017
26 October 2017

Do electricity markets deliver the best results?

Many countries around the world have adopted competitive electricity markets to deliver efficient investment, competitive prices and innovation to the long-term benefit of consumers.

The experience has not always delivered this result and the global energy transition introduces new challenges.

- **9.00-10.15 Wholesale markets**
- **10.15-10.45 Break**
- **10.45-12.00 Retail Markets**

Wholesale electricity markets – still the best?

Wholesale spot markets have been the most common approach to achieving an efficient market for dispatching power through a central pool in which generators sell power to retailers and large industrial users.

The spot market, often associated with hedge contracts and derivative markets to manage risk, also drives new investment.

This structure is being challenged with the rapid growth, as yet from a low base, in renewable energy with zero marginal cost such as wind and solar.

Policy makers, market operators and the industry have yet to find the best way to deal with this change, although various forms of capacity contracts or capacity markets have been applied, with mixed success.

Retail electricity markets – does competition work?

Competitive retail electricity markets were expected to deliver competitive prices and innovative offerings for the benefit of consumers.

In countries such as the UK, the USA and Australia, the actual experience has fallen well short of that expectation.

Regulators are struggling to find solutions that do not lead to reverting to regulation or renationalization.

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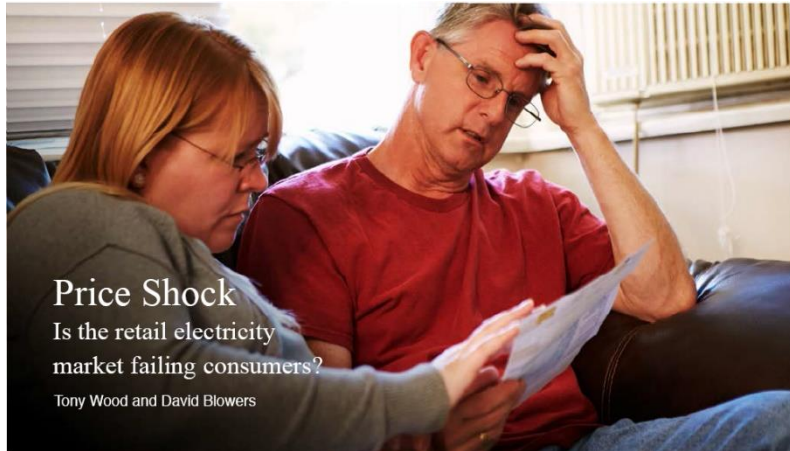
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