



Disruptive business models & regulation

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ACCC and AER

- ACCC is the national agency with responsibility for enforcing competition laws, consumer protection and economic regulation:
 - communications, rail, ports, postal,
- AER regulates energy markets and networks under national energy market legislation:
 - gas, electricity, wholesale markets, network services, distribution, retail markets



Disruption and “fit for purpose” regulation

“New technologies are ‘digitally disrupting’ the way many markets operate, the way business is done and the way consumers engage with markets. The challenge for policymakers and regulators is to capture the benefits of digital disruption by ensuring that competition policy, laws & institutions do not unduly obstruct its impact yet still preserve expected safeguards for consumers.”



"Sure, it's a great invention, but does it comply with all government guidelines?"

Is regulation passe in this brave new world?

- Innovation = better services, products + lower prices
- But is it a case of 'Plus ça change, plus c'est la même chose'?
- Well functioning efficient markets = competition + consumers protection + encouraging future investment & innovation

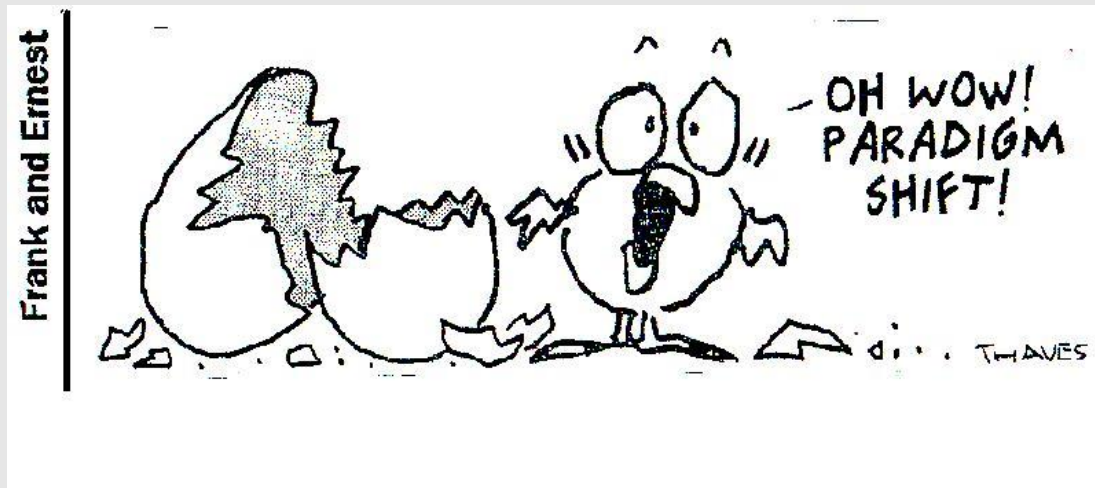
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"I want you to find a bold and innovative way to do everything exactly the same way it's been done for 25 years."

Energy markets in transformation

“Electricity systems around the world—and especially in Australia—are experiencing a scale of change perhaps not seen since the dawn of electrification. This transformation is ultimately an expression of changing customer aspirations and new levels of empowerment.”



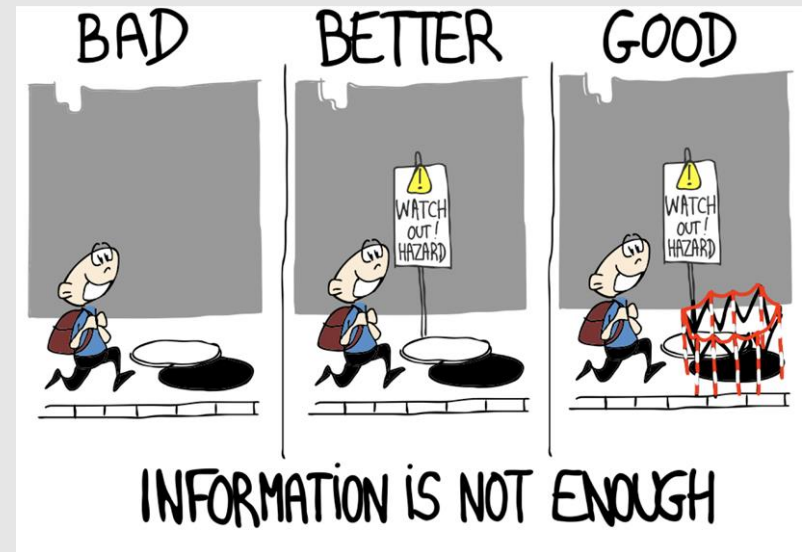
<http://www.cleanenergyregulator.gov.au/RET/Forms-and-resources/Postcode-data-for-small-scale-installations>

ENA CSIRO, Electricity Network Transformation Roadmap Interim Report (December 2015).

http://www.ena.asn.au/sites/default/files/roadmap_interim_program_report.pdf

Consumers are driving change but...

- Consumer engagement is asymmetrical
- Information is not enough
- Gaps in regulatory coverage – solar power panels and SPPAs
- Retailer authorisations & exemptions



Case study 1 - solar power retail authorisations

- Is your main business the sale of energy to customers?
- Do you plan to sell a large amount of energy across a number of sites or states?
- Are there any minimum conditions we should apply to your exemption?



Case study 2 - contestable services

- Fundamentals of the regulatory regime:
 - reliance on competition and markets in those parts of the industry which can sustain competition;
 - structural separation of competitive and monopoly elements; and
 - effective regulation of the monopoly elements
- Ring fencing guidelines
 - Storage devices
 - Smart meters



Ring fencing guidelines

- What are the potential harms/activities we are seeking to prevent
 - Leveraging of market power
 - Cross subsidies from regulated revenues
 - Discrimination in favour of related entities
 - Access to information and in appropriate use/disclosure
- How – general prohibition with materiality threshold, some carve outs and exemptions
 - Legal separation; accounting separation; cost allocation
 - Non discrimination clause; protection of information; advertising restrictions
 - Restrictions on sharing of staff and assets

Comms market study

- “we can not allow tomorrow’s technologies to be stifled by yesterday’s regulation...The future will require a more technology agnostic and flexible approach where unnecessary legacy regulations are discarded and where everyone can compete on a level playing field.”