



Triple Bottom Line (TBL) Assessment Summary

The Triple Bottom Line Assessment is required to be published in accordance with Part 4, section 23 (1)(b) of the Freedom of Information Act 2016

21/152: Utilities Amendment Bill 2021

Summary of impacts:

- The Bill will introduce an electricity reference price framework in the ACT. This would provide consumers with a clear benchmark against which to compare offers available in the market.
- Improving the ability to navigate the market would assist customers to choose the best offer that suits their circumstance, thereby reduce their electricity cost by switching to better offer.
- The Bill will create new obligations for energy retailers and will impose regulatory burden on retailers. However, most retailers in the ACT also operate in NSW, SA, South East Queensland and Victoria; therefore the cost would be minimal as the proposed requirements are similar with those in other jurisdictions and retailers should be able to implement the requirements using their existing processes and systems.

Level of impact	Positive	Negative	Neutral
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Social	Nil impact
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Economic

Level of impact	Impact	Summary
Neutral	ACT Government Budget	<ul style="list-style-type: none">• The reforms to improve transparency and comparability of electricity offers in the ACT does not have an impact on the Government Budget.• Legislative changes and the development of reference price determination are managed within existing resources.• While the work to be undertaken by the Independent Competition and Regulatory Commission (ICRC) to develop an industry code is expected to cost around \$250,000; this cost would be recovered directly from energy retailers through the Energy Industry Levy.
Positive	Competition	<ul style="list-style-type: none">• The introduction of a reference price framework would give consumers greater clarity from simple advertising as to which offers in the market represent the best deal for them.

		<ul style="list-style-type: none"> • The proposal will assist to reduce information asymmetry between customers and retailers, by directly providing customers with information: <ul style="list-style-type: none"> ○ prior to signing up to a new deal, when the retailer's offer is compared to the reference price; and ○ when they are receiving electricity from the retailer, through information on their bills advising whether they may be better off on a different pricing plan. • Greater transparency and comparability of prices can be expected to promote more price competition and be in the interests of consumers.
Positive	Cost of living/small businesses	<ul style="list-style-type: none"> • According to the ICRC's 2020-24 Electricity Price Investigation Report, a significant savings is available to those customers who are able to switch to an offer that is better suited to their circumstances. <ul style="list-style-type: none"> ○ The ICRC's modelling shows that for residential customers the annual cost difference between the market offer and the median standing offer range from \$70 to \$400. • Introduction of an electricity reference price framework may reduce both residential and small business consumers' electricity bills, in particular for those on standing offer contracts. <ul style="list-style-type: none"> ○ In 2019-20, around 35 per cent of ACT residential consumers and 60 per cent of small businesses are still on standing offer contracts. • Improving the comparability and transparency of offers will assist in helping consumers to determine whether their current offer is best suited to their need, or if savings can be achieved through switching.
Negative	Energy retailers	<ul style="list-style-type: none"> • Introduction of a reference price framework in the ACT will impose regulatory burden on energy retailers. • In 2019-20, there were seven retailers supplying electricity to ACT residential customers, and nine serving small business customers; while 12 energy retailers were registered in the ACT. • Those retailers (except ActewAGL) also operate in NSW, SA, South East Queensland and Victoria, and they have updated their system to implement the requirements under the Default Market Offer (DMO) scheme and/or Victorian Default Offer (VDO) scheme. • Therefore while the impact on individual retailers is not known, it is not expected to be significant for these retailers because they should be able to utilise their existing processes and systems. • In addition, each retailer only holds a very small proportion of ACT market share (except ActewAGL), therefore, ongoing compliance cost for those retailers would be minimal. • A significant initial cost may be incurred on ActewAGL who may need to update their systems to implement

		the ACT reference price requirements. However, this initial cost will be outweighed by the long-term benefits to customers of an improved ability to navigate the market, which in turn places greater pressure on retailers to minimise their costs and make competitive offers to attract customers.
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Environmental	Nil impact
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