

RETURNING ELECTRICITY TO PUBLIC OWNERSHIP

Reining in big power companies driving up power prices

Privatisation has failed to deliver cheaper electricity. Big power companies make monster profits while more and more people are getting disconnected because they can't pay their power bills. The Greens believe electricity should be run as an essential service, putting public good before corporate profit. The Greens will re-regulate prices and return the grid to public hands, ensuring energy is affordable and to unlock more renewable projects.



THE GREENS WILL:

- Return the electricity grid to public ownership, starting with the critical infrastructure of interconnectors between states
- Re-regulate retail electricity prices to lower energy costs for homes and businesses
- Establish a publicly owned retailer to further drive down power prices

RETURN THE GRID TO THE PUBLIC

Successive Labor and Coalition governments have privatised the electricity grid¹, resulting in this vital backbone of our electricity system largely ending up in the hands of tax-avoiding multinational corporations.

Today, we have an electricity grid operating for profit, not the public. The privatisation of our power grid has driven up power prices and been a barrier to investments that are needed to unlock clean energy.

If we want an electricity grid that can underpin the rapid transition to renewable energy and keep prices down, we must return the grid to public hands.

Currently the profit motive for network companies is to build as much infrastructure as possible in order to pass these costs onto consumers. They are given permission to charge high profits from the regulator despite their investments being completely risk-free.

Publicly owned power companies would build this infrastructure without large profits. A State-Owned Network would be held accountable for all price rises, creating a strong political incentive to keep prices as low as possible rather than today's system where they hide behind a complex labyrinth of rules designed to pretend a natural monopoly is operating in a competitive market.

The Greens will start returning the electricity grid to public hands by beginning to acquire the privately owned interconnectors between states. This infrastructure is a critical part of transforming our power grid and should not be in the hands of multinational companies.

The Greens will establish a 'Grid Transformation Fund' with an initial funding injection of \$6 billion, to begin the process of bringing the grid back into public hands, starting with the six interconnectors.

The Greens will also reign in the set profits that network companies are able to charge people. Companies that choose not to operate at these more reasonable rates will be invited to sell their assets back to government at an amount reflective of the new set profit rates.

RE-REGULATE ELECTRICITY PRICES

Since the aftermath of the privatisation of electricity in the mid 1990s, the average retail profit margin on a residential customer bill has increased by 103% over the last decade.²

The profits made by energy retailers in deregulated states is much higher than in regulated ones like Tasmania and the ACT which protect households from price shocks.

Across the country, the Australian Competition and Consumer Commission (ACCC) estimates average retail profit margins to be 8%, but depending on your plan profits can be much higher - up to 30% for retailer profits alone.³

Deregulation has added nothing to our energy system except super profits, merciless advertising and complex tariffs that can't be easily compared by customers. Electricity is an essential public good. It's time to re-regulate prices so that access is simple and everyone can afford it.

The Greens will introduce a model to:

- end the intentional complexity of electricity offers by requiring each retailer to offer customers a standard regulated power plan - this benchmark would be derived using the cheapest price for electricity in the National Electricity Market, above which they could not charge, as determined by the Australian Energy Regulator (AER);
- allow the States (or, failing their cooperation, the ACCC) to determine standard offer prices for their jurisdictions, set at either the cheapest c/kWh level or slightly higher if appropriate. The price cap would rise only with wages growth.

¹ The Grattan Institute, Price shock: is the retail electricity market failing consumers?, March 2017, p 6

² ACCC, Retail Electricity Price Inquiry - Final Report, June 2018, p 6

³ ACCC, Retail Electricity Price Inquiry - Final Report, June 2018, p 37

A PUBLICLY OWNED ENERGY RETAILER

The establishment of a publicly owned retailer is a direct way of addressing the rising cost of electricity prices. Coupled with the re-regulation of retail prices, the creation of a publicly owned retailer would ensure that every consumer and business had access to electricity at close to the combined wholesale and network price.

The Greens will establish a publicly owned energy retailer, Power Australia. The retailer would also only buy renewable energy, helping drive new investment in generation.⁴

Initially, it would operate as an aggregator for business electricity needs and then provide basic electricity plans for consumers. The ACCC revealed the average residential customer pays \$273 a year in retail costs and profits a year.⁵ A non-profit public retailer would eliminate most of these costs, saving families hundreds of dollars a year.

Power Australia would also operate the Greens' Solar for All program, enabling renters and apartment dwellers to participate in the rooftop solar revolution.

Case study

Claire lives in Victoria where privatisation and deregulation has led to a myriad of retailers and offers. She has seen her electricity bill more than double over the last ten years. With 28,628 electricity accounts cut off last year in Victoria alone, energy prices are hurting people. A big part of the hike in Claire's bill has been retail profit. But with re-regulation, price increases will be brought under control. Pegging Claire's electricity at Victoria's regulated, publicly-set price would save her approximately \$900 on his electricity bill each year.

⁴ The Greens' [Power Australia policy is here](#).

⁵ ACCC, Retail Electricity Price Inquiry - Final Report, June 2018, p 6