



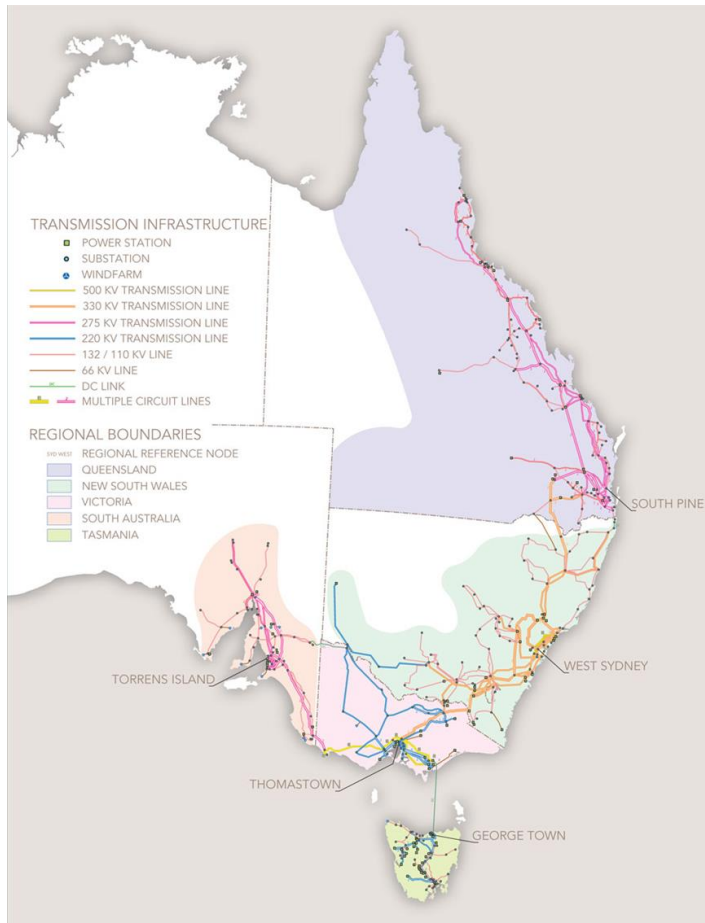
Competition in the Eastern Australian wholesale electricity market

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Recap – the National Electricity Market



- Five regions with limited interconnection
- Energy only
- Gross pool
- Real time
- Central dispatched
- Marginal pricing
- High spot price risk
 - \$14 500/MWh cap
 - -\$1000/MWh floor
- Financial markets to hedge risk
- No market power mitigation

Source: Australian Energy Market Commission

Monitoring by the Australian Energy Regulator

New reporting obligations

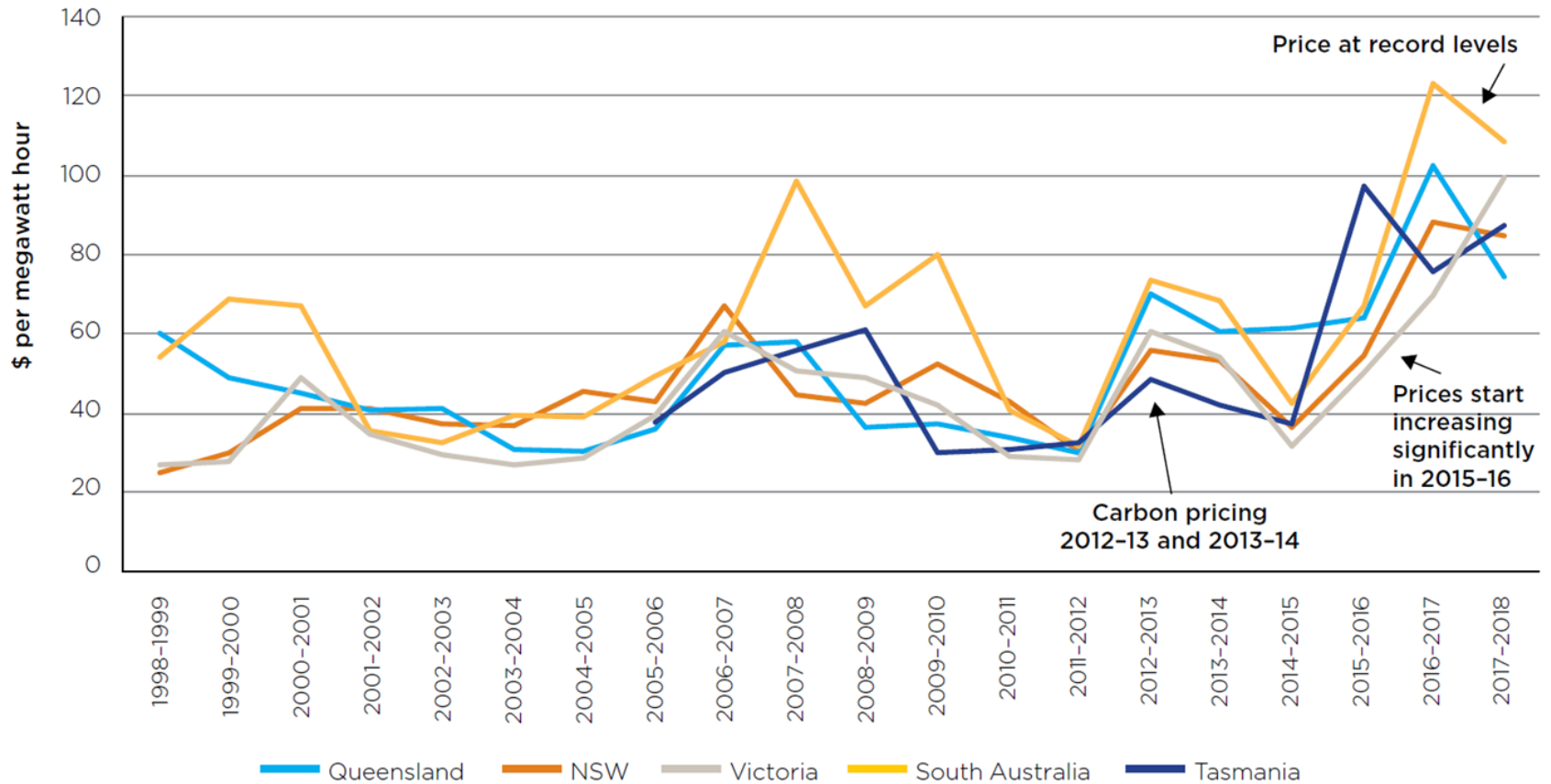
- Performance of the wholesale markets
- Whether there is *effective competition*
- Identify impediments to *effective competition* or *efficiency*

Factors we must have regard to in assessing competition:

- Whether there are active competitors
- Whether prices are determined on a long term basis by underlying costs
- Whether there are barriers to entry
- Whether there is independent rivalry
- Other matters we consider relevant

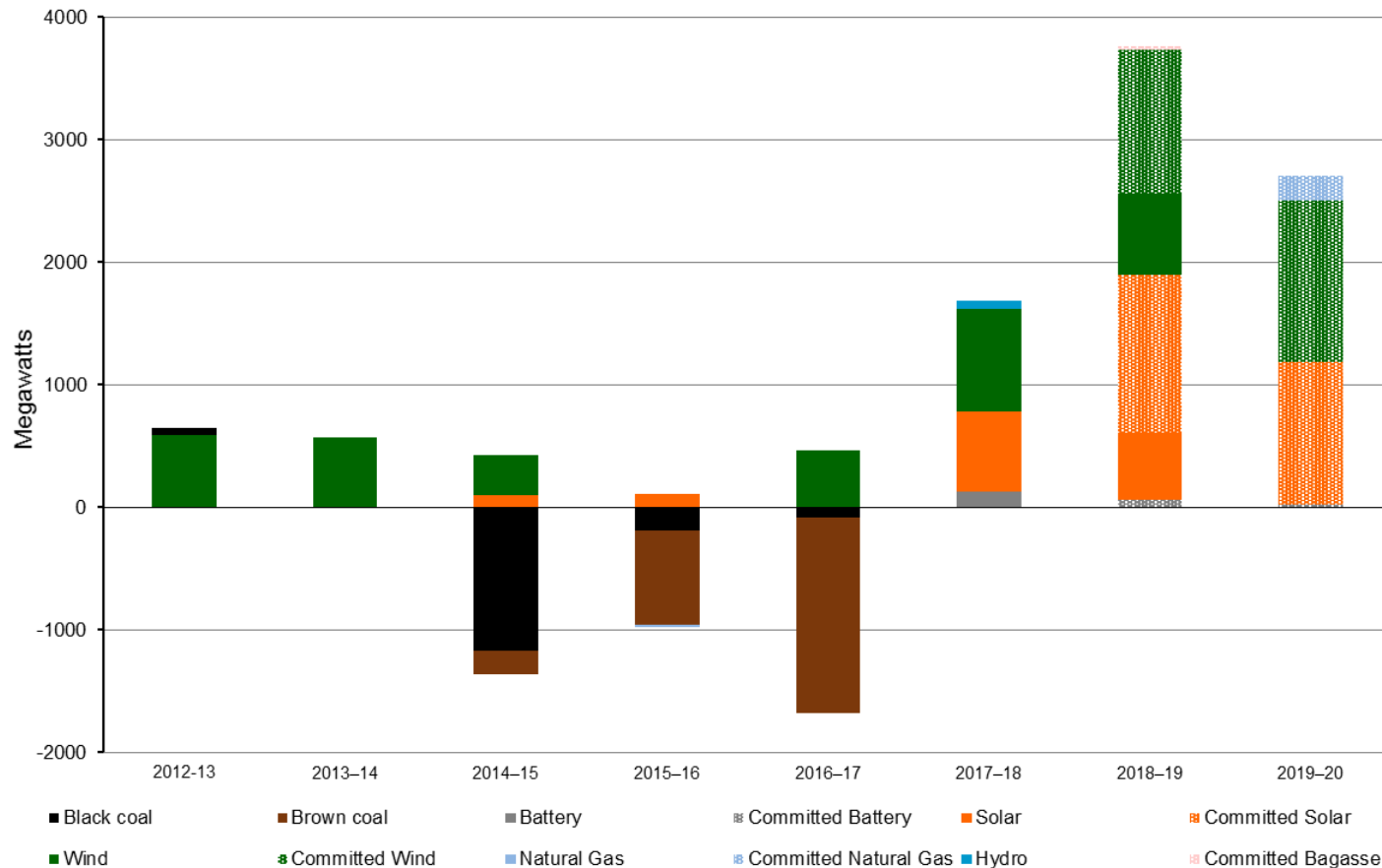
Prices at Record Levels

Yearly volume weighted average prices

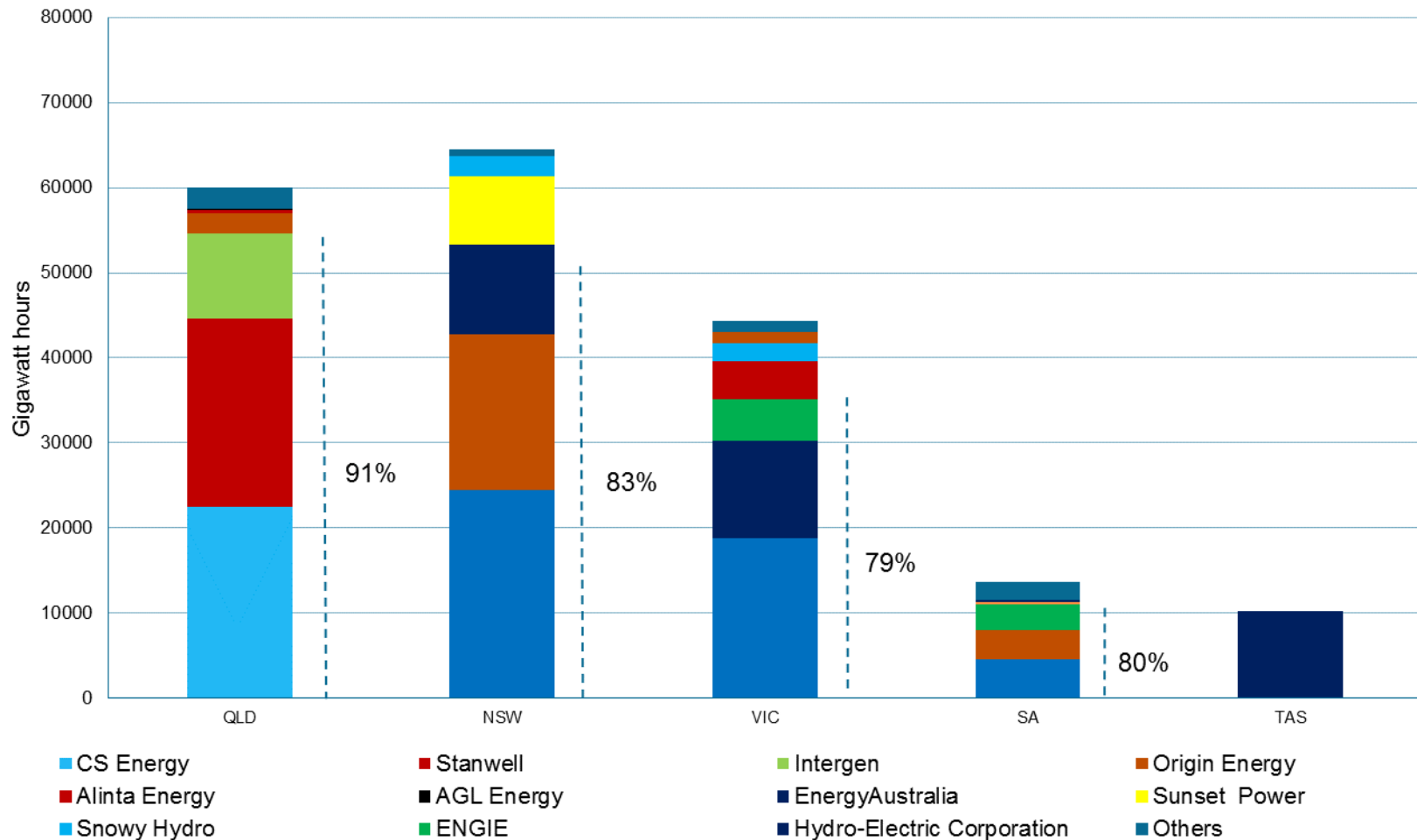


The supply demand balance has tightened

Additional and withdrawn capacity in the NEM



The wholesale market is concentrated



Source: Australian Competition and Consumer Commission

Market entry



Thank you – any questions?

