

FACT SHEET

Electricity Supply Industry Amendment (Price Cap) Bill 2018

The purpose of the Electricity Supply Industry Amendment (Price Cap) Bill 2018 is to amend the *Electricity Supply Industry Act 1995* to cap the annual increase in regulated electricity prices at the rate of change in the Hobart Consumer Price Index for three years from 2018-19.

The Bill provides that the Tasmanian Economic Regulator must not approve standing offer prices submitted to it by a regulated offer retailer for an applicable financial year if those prices are higher than the tariffs for the previous financial year indexed by the change in the Hobart CPI for the applicable year.

The Bill also amends the Electricity Supply Industry Act to extend the application of the current retail price determination for the period in which the increase in regulated electricity prices are capped at CPI.

The Bill amends the Electricity Supply Industry Amendment (Pricing) Act 2017 to extend the application of the Wholesale Electricity Price (WEP) Order provisions, which were inserted in the Electricity Supply Industry Act in June 2017, for a further two years. Therefore, the Minister may, under the Electricity Supply Industry Act, determine an amount to be the WEP for the 2018-19, 2019-20 and 2020-21 financial years.

The Electricity Supply Industry Amendment (Pricing) Act included a two year sunset clause whereby the Minister must, within 18 months of the commencement of the provisions, undertake an independent review of the operation of the WEP order provisions and table a report in each House of Parliament. The provisions inserted into the Electricity Supply Industry Act that allow the Minister to make a WEP order, therefore, cease to have effect two years from their commencement unless both Houses of Parliament pass a motion declaring that the two year sunset provision is of no effect.

The Bill extends this sunset clause and the time in which a review must be undertaken by two years, given that regulated prices to 2020-21 are capped to the increase in CPI each year.