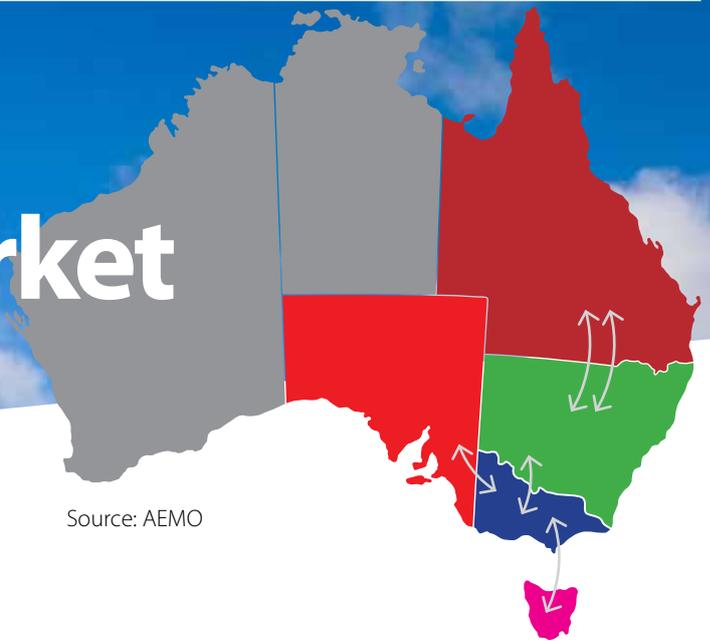


The national electricity market



Source: AEMO

The national electricity market stretches from Port Douglas in Queensland to Port Lincoln in South Australia and across the Bass Strait to Tasmania – a distance of about 5000 kilometres.

The national electricity market spans five states: Queensland, New South Wales (including the Australian Capital Territory), South Australia, Victoria, and Tasmania. Western Australia and the Northern Territory are not connected, due to the distance between networks.

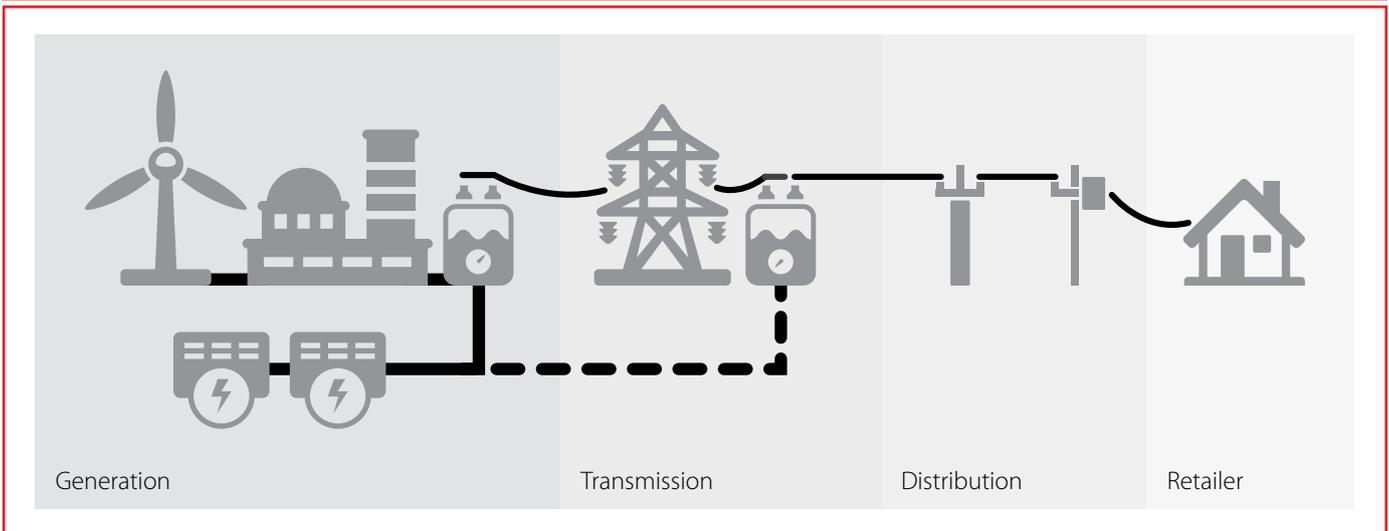
The national electricity market’s transmission network carries power from electricity generators to large industrial energy users and local electricity distributors.

Electricity retailers buy electricity from the national electricity market and sell it to households and businesses. Transmission and distribution networks transport the electricity from the power stations to users.

When Australia’s energy market system was established several decades ago, it did not anticipate all of the renewable energy that we have today. While it is possible to make changes to the way the market operates, this is a slow process because states that are part of the energy market system have to agree to any changes.

WHO’S WHO?

When electricity has been generated it is transported via the transmission and distribution networks, and then on to retailers. The transmitters, distributors and retailers are all privately owned in South Australia.



TRANSMISSION

The transmission network transports high-voltage electricity across long distances to the distribution network. South Australia’s transmission network is operated and managed by ElectraNet.

DISTRIBUTION

The South Australian distribution network transports electricity to homes and businesses. Electricity is sent through powerlines and substations. SA Power Networks owns and operates South Australia’s electricity distribution network.

ELECTRICITY RETAILERS/PROVIDERS

Electricity providers buy electricity through the national electricity market and sell it to customers. Retailers also pay regulated charges to the transmission and distribution companies for transporting the electricity that they sell, which are passed through to customers.



THE AUSTRALIAN ENERGY MARKET OPERATOR (AEMO)

As the national energy market operator and planner, AEMO plays an important role in supporting the industry to deliver a more integrated, secure, and cost effective national energy supply. AEMO operates the energy markets and systems and also delivers planning advice in eastern and south-eastern Australia.

THE AUSTRALIAN ENERGY REGULATOR (AER)

Regulates energy markets and networks under national energy market legislation and rules.

THE ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA (ESCOSA)

An independent economic regulator which protects the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services, including electricity.

THE AUSTRALIAN ENERGY MARKET COMMISSION (AEMC)

The AEMC makes and amends the national electricity, gas and energy retail rules, and provides market development advice to governments.

THE COUNCIL OF AUSTRALIAN GOVERNMENTS (COAG) ENERGY COUNCIL

COAG provides a forum for collaboration on developing an integrated and coherent national energy policy.

How are electricity prices determined?

The South Australian energy industry has been deregulated since 2002, which means that the government is not in control of setting electricity prices.

As a result, companies are free to establish their own prices and customers are able to compare electricity retailers and select a company that meets the specific needs of their household and budget.



INVESTMENT TO INCREASE COMPETITION AND DRIVE DOWN COSTS

The State Government has announced measures to increase energy market competition, drive down costs for businesses and consumers and reduce carbon emissions. Measures include:

- a tender to procure 75 per cent of its long term electricity needs, aimed at introducing a new competitor into the energy market, increasing competition.
- \$24 million towards a program to incentivise companies to extract more gas and supply it to the local market.
- an Emissions Intensity Scheme which trades credits between energy companies will be explored at a national level, with further modelling to be undertaken over the coming months.
- restarting the Pelican Point power station
- an upgrade to the Heywood interconnector with Victoria, completed in August 2016
- \$500,000 in the 2016 State Budget towards a study into a new interconnector between South Australia and the eastern states.
- changes to the National Energy Market rules
- more than \$1 million funding for the South Australian Energy Consumer Advocacy Project to provide the South Australian Council of Social Service (SACOSS) with the resources they need to advocate on behalf of South Australian residential energy consumers.
- source 25 per cent of State Government's electricity from dispatchable renewable energy providers.

FOR MORE INFORMATION ABOUT SOUTH AUSTRALIA'S ENERGY MARKET VISIT

www.statedevelopment.sa.gov.au/electricitysupplyandmarket