Mr Jason Lange
Executive Director
Office of Impact Analysis
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk-OIA@pmc.gov.au

Dear Mr Lange

Impact Analysis – Options to Provide Energy Price Relief – Second Pass Final Assessment

We write in relation to the attached Impact Analysis (IA) prepared for the Options to provide energy price relief proposal.

We are satisfied that the IA addresses the concerns raised in your letter of 25 November 2022. Specifically, the following changes have been made in response to your comments:

1. What is the policy problem you are trying to solve
- Further detail of relevant stakeholders has been included, as well as how they are affected by the policy problem.
- Expanded the modelling of impacted households and effect of energy price increases across the economy.
- Included existing non-regulatory Government measures to provide context around exist policy and the role of the proposed measures.

2. Why is government action needed?
- Expanded detail on the analytical frameworks and criteria used to assess proposals, and their performance against stated Government objectives.
- Further examination of potential risks of government action.

3. Options
- Clarified additional genuine alternative options under consideration and how design details would address the problem beyond what was examined in the first pass IA.
- Specified non-regulatory actions available to Government.
- Expanded analysis of the Status Quo option.

4. Impacts
- Further consideration of additional, feasible policy options and how the expanded analytical frameworks was used to assess options and their impacts.
- Additional expansion of each option's risk analysis to include stakeholder impacts and short-term modelling, and addition of mitigation strategies for each substantial risk.
- Impacts of each policy option on stakeholders has been discussed and summarised into tables.
- A summary of all options assessed against policy objectives has been included into a table featuring a traffic-light system to easily assess their effectiveness.

5. Consultation
- Further clarification of the consultation process, and how the results of stakeholder feedback were used throughout the policy design and implementation process.

6. Conclusion/Best Option
- Section has been expanded substantially from the first pass IA.
- Clarified the rationale for each recommended policy and how they work in combination to mitigate the problem.
- Detailed how stakeholder feedback was incorporated into the decision-making process and will influence future consultations.

7. Implementation and Evaluation
- Clarified how performance will be measured against the analytical framework of Government objectives.
- A mechanism to evaluate each option has been specified, including regular reviews.
- Risks associated with the preferred options and mitigating steps have been summarised in tables under each measure.

The regulatory burden of the proposed measure is estimated to be $962,348 per year compared to the status quo. The preferred mandatory code enabled by amended legislation has an estimated regulatory burden of $803,459, and a 12-month temporary price cap commencing in early 2023, has an estimated burden of $158,889. Most of this burden will only be realised if the mandatory code is legislated, with arbitration and enforcement powers.

Accordingly, we are satisfied that the IA is now consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Regulatory Impact Analysis*.

We submit the IA to the Office of Impact Analysis for formal final assessment.

If you have any further queries, please do not hesitate to contact us.

Yours sincerely,

Sam Reinhardt
Deputy Secretary, Fiscal Group
The Treasury
Langton Crescent
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Australia

8 December 2022

Simon Duggan
Deputy Secretary, Energy
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51 Allara Street,
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8 December 2022