

# **ELECTRICITY INDUSTRY REFORM: SOME EMERGING CHALLENGES**

**by**

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The electricity industries worldover are in the throes of reform. The vertically integrated, centralized, state-controlled, and community-service oriented industries of the yesteryears are being replaced with horizontally segregated, functionally distinct, privately-controlled, and market oriented industries. Emerging evidence points towards the profundity of the ramifications of such reform, far beyond what was anticipated prior to reform. This evidence also foreshadows the enormity of the challenges faced by the electricity planners and policy makers as they develop new electricity market configurations to satisfy their electricity needs, and socio-economic and geo-political aspirations. The development of such configurations will inevitably require justifiable and acceptable accommodation of questions relating to state sovereignty, equity and justice, governance philosophies, and the roles of the market and the state. The task of developing these market configurations is therefore likely to be challenging. This paper examines the nature of such challenges in the context of the Australian electricity industry. The messages are however relevant for other countries undertaking electricity industry reform.

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