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**A POLITICAL PERSPECTIVE ON ASYMMETRIES IN THE  
AUSTRALIAN NATIONAL ELECTRICITY MARKET**

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The design of the Australian National Electricity Market (NEM) was predicated on the assumption that, in the near term, the traditional state-based differences in the electricity systems would extinguish and a truly unified national electricity market would emerge. After nearly a decade and a half, this has failed to happen. Consequently, the Australian NEM is typified by asymmetric market structures, ownership patterns and regulatory regimes. Such asymmetry is widely believed to be the main reason for the disparity between market reform expectations and outcomes. What are the reasons for this and how is it best addressed? Viewpoints differ. Some argue asymmetry is due to the parochialism of the States; others believe its cause lies in the inappropriateness of the underlying approach to reform. These arguments are narrow and quintessentially economic. A fuller understanding of the influence of 'polity' on the contours of reform - its rationale, approach and outcomes - is required. Likewise remedies to rectify the situation require electricity reform to be viewed as a political process. This paper provides a political framework on reform consistent with this thinking. While it focuses on the Australian experience, the messages are relevant for other countries undertaking, or contemplating, electricity reform.