

**Electricity Industry Reform in Australia:
Rationale, Impacts, Challenges**

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CERTIFICATE FOR AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Mənə səbri, qənaəti öyrədən Anama,
və
qətiyyət, müstəqilliyi öyrədən Atama həsr edirəm

To my parents

تقدیم به پدر و مادرم

ABSTRACT

The Australian electricity industry has undergone significant reform in the past decade. The industry has been functionally unbundled into competitive and monopoly segments, several segments of the industry have been privatised and new regulatory arrangements have been developed. The outcome of this reform has been mixed. Overall, there appears to be a gap between expectations from reform and its actual outcomes. The discussion about the reasons behind this gap and how to narrow it, and indeed every aspect of reform (e.g., its rationale, ‘model’ of reform, methodologies for assessing impact of reform) has been carried out exclusively in the economic domain. This research has demonstrated that this (economic only) approach is rather limited. It has contributed to painting a rather positive picture of reform and has resulted in the adoption of policy measures that are unlikely to provide satisfactory redress for the challenges faced by the electricity industry. Such redress, this thesis has argued, could instead be provided by taking an institutional perspective on reform. This perspective views electricity reform as an institutional phenomenon, shaped by ever-changing cultural, social, and political belief systems. These belief systems, this research has shown, emerge from the interaction between humans, organisations, and institutions. The dynamics of this interaction has been analysed in this research in a problem-solving framework that employs a political economy approach. It was shown how humans, guided by motivation and cognition, created various electricity organisations that, through a chain of two-stage process of ‘tentative-solution-and-error-elimination’ (or ‘trial-and-error’), set into motion an organisational learning process that determined the final contours of the Australian electricity reform. This research also suggested how political economy approach could be effectively employed to re-define future directions for the Australian electricity reform program.

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2. Fathollahzadeh, R. and D. Sharma, (2004), “Rationale Behind Electricity Industry Reform in the ASEAN: A Review” , *Journal of Eghtesad-e-Energy, Energy Economics*, IRAEE, April&May No. 58/59, pp. 27-32., [also presented at *The 25th Annual IAEE International Conference, University of Aberdeen*, 26-29 June 2002, Scotland, (see below)].
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