

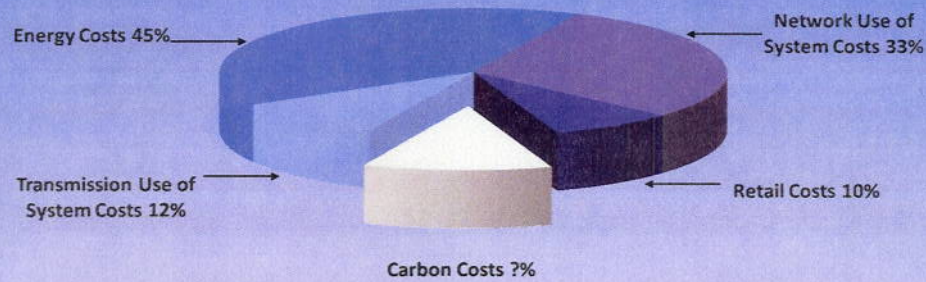


About the Energy Retailers Association of Australia (ERAA)

- Peak body representing electricity and gas retailers in the national energy markets
- Members include large incumbent and new entrant retailers – mixture of public and privately owned
- National coverage including WA
- Members have over 11 million customers – more than 3 million gas customers
- Most member companies are “dual fuel”

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Breakdown of a typical bill for a domestic customer



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Eastern Australia's Retail Markets

- National Competition Policy created retail energy competition
- Australia has some of the most competitive retail energy markets in the world
- Has large, medium and niche retailers
- Some are generators and retailers
- Despite progress on energy market reform regulation is a barrier to entry, especially retail price regulation
- Non-price regulation is supposed to be covered by the National Energy Customer Framework (NECF)
- Regulation is a disproportionate burden for smaller retailers

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Australian Consumer Law & Retail Regulation

- ERAA has long advocated greater reliance on generic regulation – Trade Practices Act, Fair Trading Act and Privacy Act
- Significant duplication of generic consumer protection regulations in retail energy codes, eg Marketing Codes of Conduct
- Consistency must not come at the expense of additional regulation
- The introduction of the ACL must be accompanied with a commensurate winding back of state based regulations in retail energy industry
- Must be a firm timetable for the review of industry specific legislation to ensure consistency with ACL and to meet the productivity benefits outlined by the Productivity Commission

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Australian Consumer Law & National Energy Customer Framework

- Energy industry has been working towards a single national consumer framework to replace the existing retail energy codes since 2005
- NECF has constantly been delayed and is subject to a lot of political uncertainty. 2011 now earliest possible start
- Industry needs to be confident that there has been sufficient consultation with the Retail Policy Working Group to ensure the ACL operates effectively with NECF
- NECF must not be delayed by introduction of ACL

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Consumer Protection in Victoria

- From 1 January, 2009 price regulation in Victoria was phased out
- Victorian market now includes transparent monitoring of default prices from retailers – also threat of re-regulation if competition not effective according to AEMC
- Victoria has the most comprehensive non-price consumer protection framework
- Retailers accepted Victorian framework as a basis for phased deregulation of pricing
- Victorian retail competition much higher than any other state.

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Retail Competition

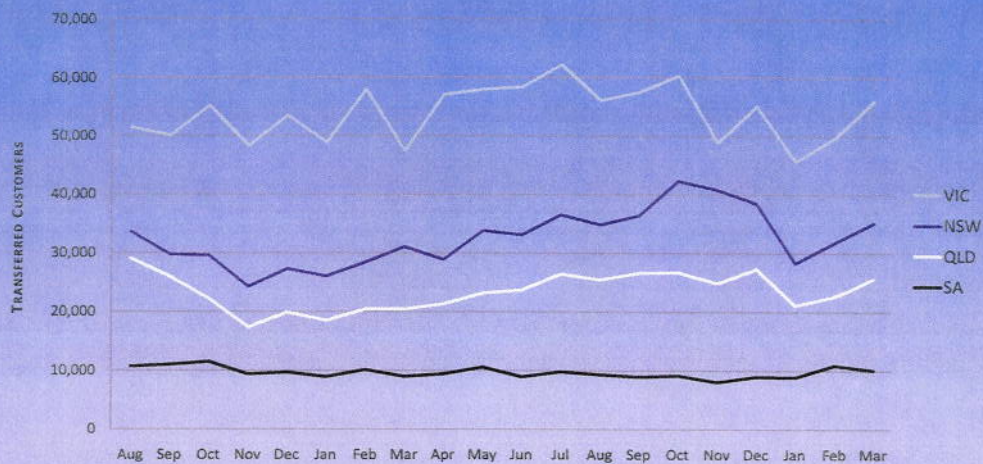
Category	Rank	Market*
HOT	1	Victoria (Australia)
	2	South Australia (Australia)
	3	Great Britain
	4	Wallonia (Belgium)
WARM ACTIVE	5	New South Wales (Australia)
	6	Texas
	7	Queensland (Australia)
	8	Norway
	9	New Zealand
	10	Sweden
ACTIVE	11	Alberta (Canada)
	12	Netherlands
	13	Flanders (Belgium)
	14	Finland
	15	Germany
COOL ACTIVE	16	Denmark
	17	New York
	18	Spain
	19	Italy
	20	Slovenia
	21	Austria
	22	Ireland
DORMANT	Not Ranked	Czech Republic, Iceland, France, Luxembourg, Greece, Romania, Latvia, Poland, Lithuania, Bulgaria, Slovakia, Ontario (Canada), California, Maryland, Maine, New Hampshire, New Jersey, Pennsylvania, Massachusetts, Rhode Island, Connecticut, Illinois, Michigan

* Designated by country, province, or state

Source: VaasaETT, 2008 World Retail Energy Market Rankings – 4th Edition

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Small Monthly Transfers July 08 – March 10



Source: Australian Energy Market Operator

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Door to door sales in retail energy markets

- Victoria leads the world in customer switching, particularly since the phase out of price regulation in 2009. VaasaETT estimated Victoria's switching rate in 2009 at over 30%
- Energy has traditionally been a "low involvement" decision (AEMC)
- Door to door sales drive customer switching and have enabled new entrant retailers to build market share
- Door to door sales are regulated by State retail energy marketing codes.
- Consumers have added protection from generic regulation such as Fair Trading laws, the Trade Practices Act and from 2011 the Australian Consumer Law
- Door to door and marketing complaints can be referred to Energy and Water Ombudsmen in each State
- Marketing is a small percentage of Ombudsman complaints and miniscule percentage of the number of customer transfers

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Ombudsman Marketing Complaints

State	Ombudsman Marketing Complaints	Marketing Complaints as a percentage of total complaints	Total Number of Small customer Transfers in 2008	Marketing complaints as a percentage of total number of small customer transfers
Victoria	2610	4.25%	589,186	0.44%
New South Wales	768	7.4%	323,446	0.23%
South Australia	309	3.6%	124,096	0.24%
Queensland	198	1.47%	394,298	0.05%

Source: Energy and Water Ombudsman (Victoria), Energy and Water Ombudsman of NSW, Energy Industry Ombudsman South Australia, Energy Ombudsman Queensland and Australian Energy Market Operator

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Summary

- Retail electricity markets in Australia are highly competitive
- Victoria has led the way in developing competition
- Firm commitment to the review of industry specific legislation prior to the ACL being introduced
- Additional consultation with the Retail Policy Working Group to ensure the introduction of the ACL does not delay the NECF
- Door to door sales crucial to new entrants to the market – engage the consumer
- Generic regulation such as ACL preferable but should work in conjunction with NECF

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