



Energy Retailers Association
of Australia Incorporated

14 October 2009

Mr Mal Hellmuth
General Manager
LNG Industry Unit
Department of Employment, Economic Development and Innovation
PO Box 15168
City East QLD 4002

LNG.team@deedi.qld.gov.au

Dear Mr Hellmuth

RE: Domestic Gas Market Security of Supply: Consultation Paper September 2009

The Energy Retailers Association of Australia (ERAA) welcomes this opportunity to submit the following comments in relation to the Domestic Gas Market Security of Supply: Consultation Paper September 2009.

The ERAA is an association representing 19 retailers of electricity and gas throughout the National Electricity Market and the jurisdictional gas markets. ERAA members collectively provide electricity and gas to the majority of customers in Eastern Australia and are the first point of contact for end-use customers for both gas and electricity.

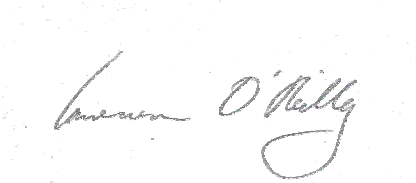
The ERAA believes that markets represent the most efficient way to allocate resources, such as gas and electricity and therefore as a principle the Association does not support market intervention such as the proposals outlined in this paper, unless there is demonstrable evidence of market failure.

At this point in time the ERAA believes there is no evidence of market failure to warrant the implementation of a domestic gas reservation policy, especially as the establishment of an LNG industry in Queensland is not guaranteed. However, if an LNG industry was to commence in Queensland the ERAA believes it is highly likely that gas prices in the Eastern States would increase as a result of the interaction with the international price for LNG. The ERAA believes that such prices signals may be necessary in the early years of development of Queensland's gas reserves to ensure maximum availability of gas for all users. The objective we would urge the Queensland Government to focus on is creating a competitive domestic gas

environment. We believe this rather than market intervention will deliver the best outcomes for Queensland consumers.

Should you have any queries, please feel free to call me on (02) 9437 6180.

Yours sincerely,

A handwritten signature in black ink, reading "Cameron O'Reilly". The signature is written in a cursive style with a large, looping 'y' at the end.

Cameron O'Reilly
Executive Director
Energy Retailers Association of Australia