

21 April 2008

Mr James Chisholm  
Consumer Policy Framework Unit  
The Treasury  
Langton Crescent  
PARKES ACT 2600

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Dear Mr Chisholm

### **Component Pricing – Draft Legislation**

Thank you for the opportunity to comment on the Exposure Draft Trade Practices Amendment (Component Pricing and Other Measures) Bill 2008.

The ERAA is an independent association lobbying in the interests of retailers of electricity and gas throughout the National Electricity Market (NEM) and the National Gas Markets. ERAA members collectively provide electricity to over 98% of customers in the NEM.

Energy retailers are already subject to industry codes and guidelines that prescribe how pricing information should be presented to customers. The ERAA believes that the amendments to the Trade Practices Act contained in the draft Bill may have unintended impacts on energy retailers, and should therefore not apply to energy retailers.

In any event, there would appear to be practical difficulties with implementation of the proposed amendments. That is, it is not clear how a 'single price' would be specified where the total price payable by a consumer is made up of both variable and fixed components.

The Explanatory Memorandum to the draft Bill clarifies that where the total price will depend on the quantity purchased by a consumer, the 'single price' should continue to be specified as a per quantity amount. However, neither the draft Bill nor the Explanatory Memorandum clarify how a single price can be provided to a consumer when the amount paid by a consumer for goods or services supplied is made up of both variable and fixed components.

This is of concern for energy retailers, whose charges are typically made up of both variable and fixed charges and rebates.

Accordingly, the ERAA urges the Treasury to exempt energy retailers from the proposed amendments in the draft Bill.

Should you require any further information in relation to this matter please feel free to contact 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, looped 'y' at the end.

Cameron O'Reilly  
Executive Director  
**Energy Retailers Association of Australia**