



# MEDIA RELEASE

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## **Regulator finds Retail Energy Competition “Effective” in Victoria - ERAA**

The Energy Retailers Association of Australia (ERAA) welcomed yesterday’s release of the Energy Retail Business Comparative Performance Report 2005-06 by the Victorian Essential Services Commission (ESCV) which highlighted substantial customer switching and price discounting in the energy retail sector in Victoria.

The Executive Director of the ERAA, Mr Cameron O’Reilly said, “The report underlines how truly effective retail energy market competition is in Victoria with a total of 505,636 electricity and 305,352 gas customers switching retailers in 2005-06. At the same time the ESCV found that households were achieving savings of between \$53 and \$71 by switching from the regulated tariff to market contracts.”

“These figures indicate that the annual switching rate is now around 20% for electricity and gas customers, underlining the assessment made by global utility research institute VaasaEMG, that Victoria is, along with the UK, the most competitive retail energy market in the world.”

“Since the introduction of Full Retail Contestability (FRC) in Victoria in 2002, over 1.4 million electricity customers and 850,000 gas customers have changed retailer, which means 60 per cent of all consumers have exercised their right to choose a supplier”.

Yesterday’s report comes just weeks before the start of 2007 when the Australian Energy Market Commission (AEMC) is scheduled to begin its reviews of effective competition to establish whether there is any need for ongoing retail price regulation.

“We would urge the AEMC to begin this process as soon as possible and treat Victoria as the highest priority given what the ESCV has itself found about the competitiveness and maturity of the market in that State”, Mr O’Reilly said.

Along with assessing the level of churn, the AEMC will also be looking at such things as customer awareness of both offers and choice of retailer, retailer market share and the entry/exit of retailers from the market in making their effective competition assessments.

“On the ESCV’s own findings it would be difficult to argue that Victorian households are not benefiting from the fierce competition apparent in the market, yet until we see the removal of price caps the full potential of what a competitive market can deliver will not be realised.”

“Vigorous competition supported by transparent Community Service Obligations (CSO’s) for vulnerable customers will ultimately deliver the best outcome for the community “, Mr O’Reilly said.

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