

MEDIA RELEASE

Friday 29 June, 2007

Commencement of Full Retail Competition in Queensland

From this Sunday 1 July, 2007 all Queensland households and businesses will have choice in their provider of electricity and gas as a Queensland Government policy of "Full Retail Competition" (FRC) comes into force.

After this date all Queensland electricity consumers will have the option of switching to a market contract with a number of competing retailers or remaining on the Maximum Uniform Tariff (MUT) set by the Queensland Competition Authority (QCA). A new MUT will also take effect from 1 July, 2007.

Through FRC all Queenslanders will enjoy the bargaining power and flexibility which comes with a choice of electricity and gas supplier, and will join millions of consumers in NSW, Victoria, the ACT and South Australia who have become used to the advantages of FRC.

An international survey of competitive retail energy markets by Peace Software and utilities research body, Vaasaemg, found that Australia already had some of the most active markets in the world in terms of customer switching.

Victoria along with Great Britain was found to have the most number of customers changing supplier each year.

"While FRC begins at a particularly challenging time for the industry with wholesale energy prices at record levels, I am confident that through shopping around Queenslanders will find a retailer who will offer them a competitive deal and be responsive to their particular circumstances", the Executive Director of the ERAA, Mr Cameron O'Reilly said today.

"While consumers will notice an increase in marketing activity from energy retailers, it's important that households in particular recognise that FRC also gives them the freedom to be pro-active in benchmarking offers from competing retailers in the Queensland market."

"With strong economic and population growth, Queensland is an attractive growth market for energy retailers as can be judged by the high number of companies who have sought licenses to operate in the State." (20 issued for electricity, 8 for gas)

"Over time this level of competition for customers will translate into better deals and more innovative products for consumers featuring 'dual fuel' electricity and gas offers, up-front inducements, loyalty programs and so on", Mr O'Reilly said.

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While the high wholesale prices made the introduction of FRC in Queensland more challenging for the industry than expected, the ERAA said this should not detract from the fact that the Queensland Government had done a good job in meeting its timetable for FRC and establishing an appropriate regulatory environment.

“We would particularly say that the Energy Competition Committee (ECC) was a good model of involving outside expertise in policy development and ensuring appropriate industry consultation on regulatory matters.”

“Having laid the groundwork, once FRC begins, we would urge the Government to allow competition to thrive and be cautious about adding any further regulation which increases the cost base of the industry and detracts from the outcomes to consumers”, Mr O'Reilly said.

All ERAA full members have operated successfully in competitive retail markets and have an excellent record of compliance with marketing and retail codes. They are used to working cooperatively with Ombudsman schemes and have in place proven customer service and energy hardship policies that will be brought to bear in the Queensland market.

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About ERAA

The Energy Retailers Association of Australia (ERAA) is the peak industry body representing retailers of electricity and gas in Australia's National Electricity Market (NEM) and national gas market. Member companies operate in all the States of Australia and have over 11 million customers. The members include AGL, Origin Energy, Truenergy, Energy Australia, Integral Energy, Country Energy, Aurora Energy, Australian Power & Gas, Horizon Power, Synergy Energy and ActewAGL.