



Energy Retailers Association
of Australia Limited

MEDIA RELEASE

12 November, 2009

Energy retailers weighed down by costly “Green Tape”

In a presentation today to the Senate Select Committee on Fuel and Energy, the Energy Retailers Association of Australia (ERAA) briefed Senators on the array of Federal and State climate change policies which are increasingly being implemented in an uncoordinated and inconsistent manner.

This growing array of “Green Tape” is impacting on a retail sector which includes large companies like AGL Energy and Origin Energy, but also an array of smaller retailers that compete for customers under policies of Full Retail Contestability (FRC).

One such retailer, Australian Power & Gas is headed is by the ERAA Chairman, Mr James Myatt, who joined the ERAA Executive Director, Mr Cameron O’Reilly in addressing Senators today.

“As with all regulation this growth in climate change regulation has a disproportionate impact on smaller companies and ultimately costs the consumer”, My Myatt told Senators.

“While we all agree on the importance of addressing climate change what we have now is a very inefficient approach to greenhouse gas abatement that is underlining the worst aspects of our Federal-State system”, Mr Myatt said.

The creation of the National Electricity Market (NEM) and the introduction of consumer choice in energy retailing through the Competition Policy Agreements of 1995 was an example of successful Federal-State reform that delivered benefits to all Australians.

“In the present day we have States introducing separate energy efficiency policies and implementing different approaches to solar feed-in tariffs, the latest being this week in NSW, all of which create large compliance costs for retailers who operate nationally”, Mr O’Reilly said.

Meanwhile the so called National Energy Customer Framework (NECF) which is supposed to shift all non-price regulation of the energy retail sector to the Australian Energy Regulator (AER) is significantly behind schedule and has no certain implementation date.



At the same time the only State so far to fulfil their commitment to phase out retail price regulation is Victoria, which now has the most competitive retail market in the world according to global energy think tank, VaasaETT.

“Competition policy created a lot of benefits to consumers but now we risk having many of the benefits eroded by bad regulation in pursuit of a good cause”, Mr O’Reilly said.

“Prices will be going up enough as it is because of a shift to lower emission forms of generation and the extension of the electricity grid to service remote renewable energy, so we need to ensure that regulation is doing its bit to ensure that consumers benefit from an efficient, nationally competitive retail energy market”, Mr O’Reilly went on to say.

A list of State and Federal climate change policies retailers must now comply with is attached.

For further information: Cameron O’Reilly – Executive Director, ERAA Ph 0413150560 or (02) 9437-6180

About the ERAA

The Energy Retailers Association of Australia (ERAA) is the peak industry body for retailers of electricity and gas in Australia’s energy markets. Its members supply over 95% of customers on the east coast. Member companies include AGL Energy, Origin Energy, Energy Australia, Country Energy, Integral Energy, TRUenergy, Australian Power & Gas, Victoria Electricity, Simply Energy, Momentum Energy, Red Energy, Babcock & Brown Power, ERM Retail and Aurora Energy. Associate Members include ActewAGL, NT Power and Water, Synergy, Horizon Power, Jackgreen and Ergon Energy.

End.



Energy Retailer Compliance Obligation arising from Climate Change

National

Carbon Pollution Reduction Scheme

Retailers will bear carbon liability of gas customers who are below CPRS threshold (households and small businesses) and those commercial customers who decide not to manage their own CPRS liability

Expanded Renewable Energy Target

Retailers will be responsible for the sourcing of the additional renewable energy

Victoria

NET Feed in Tariff – 60c p/kWh

Victorian Energy Saver Incentive Scheme

Victorian Renewable Energy Target – *Will be phased out prior to the commencement of the CPRS*

New South Wales

Gross Feed In Tariff – 60c p/kWh

NSW Energy Savings Scheme

Mandatory first offer to regulated customer must include GreenPower

NSW Greenhouse Gas Scheme – *Will be phased out prior to the commencement of the CPRS*

South Australia

NET Feed in Tariff – 44c p/kWh

Residential Energy Savings Scheme

Queensland

NET Feed In Tariff – 44 p/kWh

QLD Gas Equalisation Certificate Scheme - *Will be phased out prior to the commencement of the CPRS*

Tasmania

NET Feed In Tariff – 20c p/kWh

Western Australia

NET Feed in Tariff -TBA

Australian Capital Territory

Gross Feed In Tariff – 50.5c p/kWh

Mandatory first offer to regulated customer must include GreenPower