

# MEDIA RELEASE



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## **Removing Price Caps is the “Smart” Option**

As the Ministerial Council on Energy (MCE) meets in Sydney today to discuss a national approach to smart metering, the Energy Retailers Association of Australia (ERAA) has called on Ministers to recognise that the full benefits of smart meters can only be harnessed in an environment where price caps have been removed.

“As far as the ERAA is concerned, the debate about smart meters, demand management and indeed most initiatives relating to energy efficiency cannot be considered in isolation from the need for cost reflective pricing in energy markets, another of the issues on the agenda for today’s MCE meeting”, the ERAA Executive Director, Cameron O’Reilly said.

“Without the introduction of cost reflective pricing, there are simply no real incentives for households to reduce their consumption and therefore their greenhouse gas emissions”.

“We would also see the removal of the current cross subsidies that exist between high and low peak demand users and the associated need for investment in peaking capacity.”

“Retailers would be able to reinforce these trends by developing and marketing tailored products that allow consumers to maximise the financial benefit of reducing their peak demand”, Mr O’Reilly said.

The ERAA, the peak industry body representing retailers of gas and electricity to over 11 million customers across Australia, does not support the mandatory roll out of smart meters in the current regulatory environment.

“We endorse the MCE’s move to harmonise standards and would support the Energy Network Association’s view that if Ministers are determined to proceed with consideration of the issue it should only be by way of a truly national approach”.

“The ERAA is however concerned that the full costs to retailers and distributors of smart metering are properly considered as these may ultimately have implications for consumers”, Mr O’Reilly said.

In recognition of the MCE debate about smart metering, the ERAA has commissioned a study by Frontier Economics on the impact of smart meters on retailers. The ERAA will make the findings of this project available to all Governments as soon as it is completed.

For further information:

Cameron O’Reilly ( Ph ) 02 93693263 or 0413150560