



# MEDIA RELEASE

Tuesday 10 October, 2006

## **ERAA Welcomes Federal Minister's Comments on Retail Price Regulation**

The Energy Retailers Association of Australia (ERAA) today welcomed comments made by Federal Industry Minister Ian MacFarlane that he would be seeking to progress the phase-out of retail price caps after this month's Ministerial Council on Energy (MCE) meeting in Sydney.

Speaking today to the ESAA Energy Perspectives Conference in Canberra, the Minister reiterated the commitment made by all Governments in the Amended Australian Energy Market Agreement to phase out price caps "where effective retail competition can be demonstrated".

The Minister indicated that he would be writing to the Australian Energy Markets Commission (AEMC) after the MCE meeting and suggested that a number of jurisdictions were keen to be the first "cab off the rank" in the assessments of effective competition.

The ERAA, the peak body representing energy retailers in the National Electricity Market, whose members collectively service some 11 million customers, has a long standing policy calling for the removal of price caps to allow for the full benefits of retail contestability to be passed on to the community. The ERAA believes that vigorous competition and transparent Community Service Obligations (CSO's) will deliver the best outcomes in a deregulated market.

The ERAA has contributed to the MCE's call for submissions on draft criteria to assess the effectiveness of competition and suggested that markets such as Victoria and South Australia where competition is clearly more advanced should be at the front of the assessment process.

"A worldwide index of contestable retail energy markets developed by Peace Software and globally respected utility research institute, VaasaEMG last year found that Victoria along with the UK were the most competitive markets in the world, achieving the highest category of HOT", ERAA Executive Director, Cameron O'Reilly said today.

"South Australia was the next ranked market which indicates how successful the energy reform process at retail level has been in Australia and we believe will continue to be in markets such as Queensland that are about to embrace Full Retail Contestability (FRC)".

"The Governments that have achieved this outcome now have the opportunity to fully complete the reform process by progressing their undertakings to establish a fully deregulated market without price caps but with generous protection for vulnerable customers", Mr O'Reilly said.

For further information:

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