

MEDIA RELEASE

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Energy retailers welcome AEMC South Australian Draft Competition Findings

A draft report on the effectiveness of competition in South Australia's retail energy market released today by the Australian Energy Markets Commission (AEMC) has been welcomed by the peak industry body, the Energy Retailers Association of Australia (ERAA).

The report of the AEMC is part of a series of assessments of competition in State retail markets agreed to by State and Federal Governments under the Amended Australian Energy Market Agreement (AEMA). The findings of the AEMC on the effectiveness of competition are meant to guide State Governments on whether there is any further need for retail price regulation or "caps".

The AEMC's draft report has found that retail energy competition in the state of South Australia is effective for electricity and generally effective for gas. Lower margins and haulage issues in regional areas contributed to the more qualified finding for gas.

As in its completed study of the Victorian market which found that competition was highly effective and that price caps should be phased out, the AEMC's draft report on the South Australian market looked at factors such as customer switching, independent rivalry within the market, ability to enter the market, differentiated products, prices and profit margins in determining that competition was effective. In doing so the AEMC noted that some 66% of South Australian electricity customers were on market contracts and up to ten retailers were competing for small customers.

"Most of the members of the ERAA operate across State borders and they can certainly vouch for the findings of the AEMC that competition is very apparent in South Australia", the ERAA's Executive Director, Mr Cameron O'Reilly said today.

"While it is only a draft report, we take heart from these initial findings of the AEMC and urge the South Australian Government to pay particular attention to them in considering the future of retail price regulation, particularly when it is contrary to the objective of the national emissions trading scheme in having carbon price signals reach consumers."

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