

MEDIA RELEASE

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REPORT ON CONSUMER PROTECTION IN RETAIL ENERGY MARKETS RELEASED

The Energy Retailers Association of Australia (ERAA), the peak body representing retailers of electricity and gas in Australia's national energy markets, has today released a report entitled "Consumer Protection in a Deregulated Retail Energy Market" to coincide with the Victorian Government's consideration of the future of retail energy price controls.

The report commissioned by the ERAA was undertaken by the Monash Centre for Regulatory Studies and pays particular attention to the consumer protection framework in the State of Victoria, where the national energy review body, the Australian Energy Markets Commission (AEMC) recently recommended the removal of retail price controls or "caps" from 1 January, 2009.

The AEMC's recommendations were based on the high level of competition apparent in the Victorian retail energy market, where over a dozen active retailers compete for household and business customers. That competition saw Victoria independently rated by global energy think tank VaasaETT, as having the highest level of annual customer switching in the world in 2007. That competition is driving significant discounts for Victorian consumers compared to regulated tariffs.

The Monash Report covers the evolution of the competitive Victorian retail market and summarises the findings of reviews of the market which occurred in 2002, 2004 and 2007.

It then addresses the comprehensive consumer framework that will continue to exist in Victoria after the removal of price controls, including a vast array of concession schemes provided by Government.

The Monash Report then looks at the experience of overseas markets which no longer have, or never implemented, retail price controls. Finally, it then presents a hypothetical consumer framework that could apply in Victoria in the future.

"The Monash report is not of itself ERAA policy but we think it will make an excellent contribution to the quality of discussion about the future of retail

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price controls in Victoria and indeed across Australia”, the ERAA Executive Director, Mr Cameron O’Reilly said today.

“Monash Centre for Regulatory Studies has significant experience in looking at regulation issues from the point of view of consumers, and we thought it would be valuable to get a more independent perspective in the lead up to the proposed changes to the market in 2009”.

“I think the broad conclusion from the study is that Victorian consumers can be comfortable with the phasing out of retail price controls as it is only one aspect of a comprehensive consumer protection framework, in a market where competition for customers is fierce and likely to become more so as the variety of retail energy products expand”, Mr O’Reilly said.

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A full copy of the Monash Centre for Regulatory Studies Report can be obtained from the ERAA web site at www.eraa.com.au.