

MEDIA RELEASE

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Victorian Small Business to benefit from Retail Competition

The decision announced today by the Victorian Government to reform energy pricing arrangements for small business customers on standing offer contracts from 1 January, 2008 has been labelled a “sensible move” by the peak national body for energy retailers, the Energy Retailers Association of Australia (ERAA).

The reforms should encourage more small businesses to access the benefits of retail energy market competition in Victoria. Nevertheless the ERAA wishes to emphasise that following their introduction, small businesses in Victoria previously covered by standing contracts will not have to do anything if they don't want to. They will be guaranteed supply from January onwards at the default contract terms and prices set by their existing retailer.

A recent draft report on the Victorian market by the new national rule making body, the Australian Energy Markets Commission (AEMC), found that retail energy competition in the State of Victoria was highly effective and leading to discounts of up to 10% against the standing contract tariffs for households and small businesses who signed a market contract.

The AEMC report was consistent with the findings of an international study by First Data Utilities and VaasaETT, which ranked retail energy markets on the basis of customer switching behaviour. Those rankings found that Victoria had overtaken the UK as the most active market for customer switching in the world.

“Given that it is competition and choice rather than regulation that is delivering the best outcomes for consumers in Victoria, we welcome the fact that the Government has reinforced its commitment to removing unnecessary red tape with a phasing out of the standing contract small business tariffs”, the Executive Director of the ERAA, Mr Cameron O'Reilly said today.

“Electricity and gas are key business inputs, and I would therefore encourage Victorian small business who are currently on the standing contract tariffs to shop around for the best deal in what is a highly competitive market of more than ten active energy retailers”, Mr O'Reilly said.

Small businesses in Victoria can obtain further information, including contact details for the retailers actively competing in the Victorian market from the Essential Services Commission of Victoria.

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