

## **MEDIA RELEASE**

**5 October, 2007**

### **Retailers welcome AEMC Victorian Competition Findings**

A draft report on the effectiveness of competition in Victoria'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 the first 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 Victoria is highly effective and is leading to beneficial outcomes for households and businesses.

In the draft report the AEMC has reviewed the Victorian retail energy market on the basis of criteria such as customer switching, independent rivalry within the market, ability to enter the market, differentiated products, prices and profit margins.

"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 highly effective and indeed vigorous in Victoria", 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 which are in accordance with the commercial experience of retailers operating in Victoria, of which there are many."

The AEMC's findings are also consistent with a recently released international study by First Data Utilities and their project partner, VaasaETT, which ranks retail energy markets on the basis of customer switching behaviour. Those rankings found that Victoria had overtaken the United Kingdom as the most active market for customer switching in the world.



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“While Victoria was assessed as the number one market for customer switching in 2006 with nearly one in four customers switching supplier, South Australia also ranked highly at number three and New South Wales came in at number six, which just shows what a competitive retail sector we have in Australia”, Mr O’Reilly said.

“These types of results would only be enhanced by the introduction of full market based pricing, under which even more new entrants would be attracted and retailers would be able to offer a broader range of market products”.

“Ultimately it is the vigorous competition for customers that has been confirmed by the AEMC’s report on Victoria, combined with transparent Community Service Obligations (CSO’s) for vulnerable customers, that will lead to the best outcomes for Australian consumers.” Mr O’Reilly said.

**For further information:** Cameron O’Reilly – Executive Director, ERAA Ph 0413150560

For information on the World Retail Energy Market Rankings go to:

**[www.firstdatautilities.com/customer-switching](http://www.firstdatautilities.com/customer-switching)**

### **About ERAA**

**The Energy Retailers Association of Australia (ERAA) is the peak industry body representing retailers of electricity and gas in Australia’s National Electricity Market (NEM) and national gas market. Member companies operate in all the States of Australia and have over 12 million customers. The members include AGL, Origin Energy, TRUenergy, Energy Australia, Integral Energy, Country Energy, Aurora Energy, Australian Power & Gas, Horizon Power, Synergy Energy, Ergon Energy and ActewAGL.**