

## **MEDIA RELEASE**

**Monday, 2<sup>nd</sup> April 2007**

### **Australia's Retail Energy Markets Leading the World**

World Retail Energy Market Rankings released today by First Data Utilities and their project partner, VaasaETT, indicate that Australia's retail energy markets have become the most competitive in the world.

The 2007 preliminary rankings were released and presented today at an Energy Retailers Association of Australia (ERAA) industry seminar in Sydney.

The rankings are based on a benchmarking study of customer switching behaviour in retail energy markets across the world that have been "liberalised", or in technical terms, opened to Full Retail Competition (FRC).

FRC allows individual households and businesses to choose their supplier of retail electricity and gas from a range of competing suppliers and offers. This allows them to obtain retail energy terms and conditions that are best suited to their needs.

The percentage of customers switching retail energy suppliers, the benchmark upon which the First Data/VaasaETT study is based on, is a measurable indicator of customers exercising the right to choose supplier provided by FRC.

Rankings released today put Victoria as the number one market around the world for customer switching, for the first time eclipsing the United Kingdom in that position. South Australia also ranked highly at number three and New South Wales came in at number six.

"As far as the experience of FRC is concerned these figures indicate Australia has done it as well as anywhere and that our consumers are enjoying the right to choose which the competition generated by FRC provides them", the Executive Director of the ERAA, Mr Cameron O'Reilly said.

"With Queensland to open up to FRC from 1 July, 2007 they are next in line to experience the benefits of competition and have the added advantage of an industry which is now well attuned to operating in highly competitive markets", Mr O'Reilly said.

The release of the First Data/VaasaETT rankings comes at a time when the Australian Energy Markets Commission (AEMC) will begin reviewing the effectiveness of competition in particular jurisdictions, with a view to ascertaining

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whether there is a need for ongoing retail price regulation or “caps” in Australia’s retail energy markets. Initial reviews will focus on the Victorian and South Australian markets.

“While we would never seek to pre-empt the work of the AEMC, today’s release is a timely indicator for policy makers that competition is thriving out there in the retail energy market place”, Mr O’Reilly said.

“Furthermore competition is delivering clear benefits to households with the Essential Service Commission of Victoria’s (ESCV) Retail Business Comparative Performance Report for 2005/6 indicating that consumers were achieving savings of between \$53 and \$71 by moving from regulated tariffs to market contracts.”

“These types of results would only be enhanced in a fully deregulated market where, freed from the distortionary impact of price caps, more new entrants would be attracted to the market and retailers would be able to offer an even broader range of market products”.

“Ultimately it is vigorous competition combined with transparent Community Service Obligations (CSO’s) for vulnerable customers that will lead to the best outcomes for the whole community.” Mr O’Reilly said.

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### **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 11 million customers. The members include AGL, Origin Energy, Truenergy, Energy Australia, Integral Energy, Country Energy, Aurora Energy, Horizon Power, Synergy Energy and ActewAGL.**