

MEDIA RELEASE

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Victoria Number One for Retail Energy Competition **Record customer churn in July**

World Retail Energy Market Rankings for 2006 just released by First Data Utilities and their project partner, VaasaETT, indicate that Victoria has overtaken the United Kingdom as the most active market for customer switching in the world.

Separate figures also released last week by the National Electricity Market Management Company (NEMMCO), indicate that customer competition is continuing unabated, with a monthly record of 66,105 customer transfers achieved in July, 2007. If repeated over a twelve month period, this would amount to an annual customer churn rate of over 30%.

The world rankings are based on a benchmarking study of customer switching behaviour in retail energy markets across the world that have been “fully 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.

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.

“As far as the experience of retail competition is concerned these figures indicate Australia has done it as well as anywhere and that our consumers are taking advantage of the right to choose supplier which FRC provides them”, the Executive Director of the Energy Retailers Association of Australia (ERAA), Mr Cameron O’Reilly said.

The release of the First Data/VaasaETT rankings comes at a time when the Australian Energy Markets Commission (AEMC) is reviewing the effectiveness of competition in Victoria, with a view to ascertaining whether there is a need for ongoing retail price regulation or “caps”.

“While we would never seek to pre-judge the findings of the AEMC, these separate customer switching milestones are a timely reminder that competition is thriving out



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there in Australia's retail energy markets – nowhere more so than in Victoria", Mr O'Reilly said.

"These types of results would only be enhanced by the introduction of 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 apparent in places such as Victoria and South Australia, combined with transparent Community Service Obligations (CSO's) for vulnerable customers, that will lead to the best outcomes for consumers." Mr O'Reilly said.

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

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