



6 September 2013

Dr Malcolm Roberts  
Chairman  
Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

By email: [electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Dr Roberts

**RE: INTERIM CONSULTATION PAPER: REGULATED RETAIL ELECTRICITY PRICES FOR 2014-15**

ERM Power Limited welcomes the opportunity to respond to the Queensland Competition Authority's (the Authority's) *Interim Consultation Paper: Regulated Retail Electricity Prices for 2014-15*.

**About ERM Power Limited**

ERM Power Limited is an energy company listed on the ASX that operates electricity sales, generation, and gas exploration and production businesses across Australia.

Our energy sales business, ERM Power Retail is licensed to sell electricity in all Australian states, the Australian Capital Territory and the Northern Territory, and has grown organically to become the fourth largest seller of electricity in the National Electricity Market by load.

ERM Power Retail (branded as ERM Business Energy) specialises in providing electricity to business and government customers. We have accrued over 13 per cent of the large Commercial and Industrial (C&I) customer market, and this year we have started to offer electricity to the Small to Medium Enterprise (SME) segment of the market.

A Utility Market Intelligence survey by independent research company NTF Group found ERM Power Retail has provided the greatest business customer satisfaction for two years in a row, with the 2012 result setting a new record for the survey with a customer satisfaction rate of 93 per cent.

**Our comments on the Authority's consultation paper**

We recognise the comprehensive work carried out to date by the Authority and its consultants and will not be commenting on detail that has already been extensively critiqued by the industry.



We would, however, like to raise some issues that are relevant for our business.

First, we would like to state that while ERM Power Retail will be offering SME customers electricity contracts across the NEM in the coming months, this will not happen in Queensland; at least not at discounted levels from the regulated tariffs. This is solely because the current regulated tariffs do not provide adequate headroom for us to cover our costs and make a reasonable margin. This is disappointing, as ERM Power is primarily a Queensland company, with our head office in Brisbane. ERM Power Retail is not the only Queensland-based retailer to be in this position, which should be illustrative of the current inadequate commercial conditions for retail electricity competition in Queensland.

Second, while we recognise that the remit for the interim consultation paper does not cover broader competition issues, we would like to show our support for the Interdepartmental Committee on Electricity Sector Reform (IDC) proposals that will, when implemented, positively affect competition. Reform of the electricity industry in Queensland is overdue and we welcome the comprehensive reform programme that has been proposed by the IDC and largely accepted by the government. The government's commitment to increasing competition and removing price controls in South East Queensland by 1 July 2015 is particularly positive, as is the reform of the Queensland Government-owned electricity businesses, such as shifting CSO payments from Ergon's retail business to its network business (and thus opening up the market in regional Queensland). The reform programme will bring the right disciplines to the Queensland electricity markets, resulting in greater efficiencies and consumer benefit.

If you have any queries about this submission please feel free to call me on the number below.

Yours sincerely,

[signed]

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