



TRUenergy Australia Pty Ltd
ABN 96 071 611 017
Level 33, 385 Bourke Street
Melbourne Victoria 3000

1 March 2006

Mr Ian Primrose
Chief Executive Officer
Independent Competition and Regulatory Commission
PO Box 975
CIVIC SQUARE
ACT 2608

By email (icrc@act.gov.au)

Dear Mr Primrose

Draft Decision - Retail prices for non-contestable electricity customers

TRUenergy welcomes the Independent Competition and Regulatory Commission's ("the Commission's") Draft Decision for Retail prices for non-contestable electricity customers, and the recommendation that the transitional franchise tariff ("the TFT") be discontinued.

We are encouraged by approaches to price monitoring that only revert to the continued use of price regulation by Government referral to the Commission for inquiry if evidence suggests that competition is not sufficiently functioning in a market or that there is a misuse of market power.

We are also encouraged by the Commission's view that the TFT does not form part of any safety net for vulnerable customers. It is borne out by economic theory as well as universal experience that competition is the best way to ensure prices are set at efficient levels in a market. The question as to whether energy could be any lower in price (ie. is the market effectively competitive) is therefore very different to the question as to the capacity of all members of the community to pay for it, and as the Commission notes this was never the function of the TFT in any case.

Neither of these questions can be resolved by simply regulating the price. Appropriate access to and the development of targeted assistance to those in the community experiencing payment difficulties will provide the safety net to vulnerable customers. Retailers can often assist with payment arrangements where this hardship is temporary, but where hardship is permanent or chronic in nature the continuation of and preservation of support programs and mechanisms currently operating in the ACT will be essential.

Please contact me on (03) 8628 1156, or Mark Frewin on (03) 8628 1130 should further consultation be required.

Your sincerely,

David McAloon
Head of Regulation and Government Relations