



10 February 2012

Independent Competition and Regulatory Commission (ICRC)  
GPO Box 296  
CANBERRA ACT 2601

[icrc@act.gov.au](mailto:icrc@act.gov.au)

Dear ICRC,

**RE: Retail prices for non-contestable electricity customers 2012–14 – Issues Paper**

TRUenergy welcomes this opportunity to provide comments on "Retail prices for non-contestable electricity customers 2012–14 – Issues Paper" (the Issues Paper) of December 2011.

In 2009 the ACT Chief Minister signed the updated Australian Energy Market Agreement (AEMA) which lists as one of its objectives "enhance the participation of energy users in the markets"<sup>1</sup> with furthering retail competition listed as an example. TRUenergy agrees with this and believes that a key retail pricing objective, over the long term, must be to enable more ACT customers to access competitive retail electricity prices.

Given this, TRUenergy is disappointed with the lack of focus on competition in the Issues Paper. TRUenergy notes that furthering competition is not specified as an item to consider in the Terms of Reference. However given the AEMA commitment, furthering retail competition should qualify under "other matters the Commission considers relevant"<sup>2</sup> and the ICRC should be developing ways to further promote competition. Indeed it is illogical to call the regulated rate a Transitional Franchise Tariff (TFT) if there is not a planned regulatory approach to transition to a more competitive market.

Competition is clearly not thriving in the ACT at present and one of the key reasons for this is the regulatory approach and resultant TFT outcomes that hinder the attractiveness of the market to new entrant retailers. TRUenergy has noted in the past that we do not believe that the TFT will ever be effective in encouraging new entrant retailers into the ACT if it continues to be based on ActewAGL's retail costs,<sup>3</sup> and we continue to hold this view. In particular, if there is not an allowance for Customer Acquisition Costs in the TFT, then it would be likely that little customer acquisition would occur as a result. Current low churn rates in the ACT do indicate a lack of marketing and customer acquisition activity.

TRUenergy would like to expand our customer base in the ACT however developing products that can successfully compete with the TFT continues to be a major challenge. If the ACT Government is committed to the AEMA then we urge it and the ICRC to determine the TFT in a way that will foster the development of a competitive retail electricity market in the ACT.

Should you wish to discuss any of the issues raised in this submission please feel free to call me on (03) 8628 1120.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "A. Dillon".

**Andrew Dillon**  
**Regulatory Pricing Manager**

<sup>1</sup> Australian Governments, *Australian Energy Market Agreement (as amended)*, July 2009, page 8

<sup>2</sup> ICRC, *Issues paper: Retail prices for non-contestable electricity customers – 2012–14*, December 2011, page 20

<sup>3</sup> TRUenergy, *Submission to AEMC First Draft Report – Review of Effectiveness of Competition in the Electricity Retail Market in the ACT*, September 2010, page 1