



8 March 2018

Dr Kerry Schott
Chair, Energy Security Board

info@esb.org.au

CC: Clare Savage, John Pierce, Audrey Zibelman, Paula Conboy, Anne Pearson, Michelle Groves

Dear Dr Schott

RE: National Energy Guarantee (NEG) – response to consultation paper of 15 February 2018

I want to thank you and all at the Energy Security Board (ESB) for the genuine approach taken to consultation in recent weeks. We appreciate that the ESB has been tasked with a complex range of issues to resolve in a reasonably short timeframe in a highly-charged political environment.

We have joined with nine other market participants in preparing a comprehensive submission to this stage of the NEG consultation process. I submit this short supplementary letter to make one clear point: ERM Power brought competition – exceptional service and lower prices – to Commercial and Industrial (C&I) electricity retailing. Any policy that now entrenches the market power of generators and vertically integrated retailers in an increasingly concentrated market risks that proposition and competition. Any policy that undermines what a company like ERM Power has done for customers and competition in C&I would be a retrograde step for this industry.

As one of the country largest energy retailers – second largest C&I retailer and third largest electricity wholesaler in the National Electricity Market – we offer real insight into the complexities of this industry. As a large retailer with no baseload generation, and therefore the largest nett buyer in the NEM, we offer a unique perspective on market dynamics. We are the C&I retailer with exceptional levels of customer satisfaction—number one seven years running and with 92% of our customers either satisfied or very satisfied (0% dissatisfied). Notably, ERM Power is one of the largest retailers in the country but was not on the list of those called to Canberra by the Prime Minister to be taken to task for pricing and other practices. We are advocates for the customer and competition.

I would implore the ESB and politicians to put competition matters at the centre of NEG policy development. The Australian Competition and Consumer Commission (ACCC) should be charged with developing competition tests and gateways at each step of the proposal. Competition cannot be left as an afterthought to become the subject of eleventh-hour compromise.

The ERM Power team looks forward to continuing to work with you to ensure the NEG delivers affordable, sustainable and reliable energy for consumers and our economy.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jon Stretch".

Jon Stretch
Chief Executive Officer