21 May 2015

Ms Sarah Proudfoot
General Manager, Retail Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Ms Proudfoot,

### RE: DRAFT AER RETAIL PRICING INFORMATION GUIDELINES

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Australian Energy Regulator’s (AER) draft *Retail Pricing Information Guidelines*.

ERM Power Retail Pty Ltd, which trades as ERM Business Energy, is a subsidiary of ERM Power Limited, an Australian energy company that operates generation and electricity sales businesses. Since launching in 2007, ERM Business Energy has grown to become the fourth largest electricity retailer by load in Australia, with operations in every state and the Australian Capital Territory. ERM Business Energy is now the second largest electricity retailer to the large business market by load,[[1]](#footnote-1) with increasing success in the small business market.

We broadly support the direction taken by the AER in the draft *Retail Pricing Information Guidelines*. Much of this is because ERM Business Energy already uses Energy Made Easy to generate Price Fact Sheets. As a business-only retailer with a simple pricing approach we also have relatively easy products to represent.

There is one element of the draft Guidelines that we seek clarification about: we note that ‘fixed term’ or ‘fixed’ *can only be used where the price is fixed*. ERM Business Energy has a product called our Fixed Offer that is for a fixed term and a fixed price, but there is a caveat where we can adjust our prices to reflect structural network tariff changes for the customer, such as where new solar panels are installed or there is a change to a time of use tariff. We seek clarification from the AER about whether ‘fixed’ under these circumstances is allowed for. We strongly recommend that these kinds of network tariff changes should be provided for within the concept of a fixed offer; if this does not occur we question whether fixed retail price offers can exist sustainably in the market at all without forcing people out of contract when circumstances change beyond their control.

Yours sincerely,

[signed]

Dr Fiona Simon

General Manager, Regulatory Affairs

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1. Based on ERM Power analysis of latest published financial information. [↑](#footnote-ref-1)