



5 September 2013

Early Termination Fees
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Lodged online: www.ipart.nsw.gov.au

EARLY TERMINATION FEES REGULATING THE FEES CHARGED TO SMALL CUSTOMERS IN NSW – ISSUES PAPER

Alinta Energy Retail Sales Pty Ltd (**Alinta Energy**) welcomes the opportunity to provide comments to the Independent Pricing and Regulatory Tribunal (**IPART**) issues paper on *Early Termination Fees (regulating the fees charged to small electricity customers in NSW)* (**Issues Paper**)

Alinta Energy is both a generator and retailer of electricity as well as being a gas supplier in Western Australia and the Eastern States energy markets. Alinta Energy has in excess of 2500MW of generation facilities and services over 700,000 retail customers, this includes over 100,000 energy customers across Victoria & South Australia. Whilst not an active retailer in the NSW energy market at a mass market customer level, Alinta Energy's experiences as a supplier to mass market customers in other eastern states, well places Alinta Energy to comment on the above mentioned consultation.

Alinta Energy would question the need to regulate Early Termination Fees (**ETFs**). In the absence of any identified market failure we do not believe there is a requirement to regulate ETFs. Regulation is only required when there is evidence of a material market failure that results in a detrimental impact to consumers.

We note the Australian Energy Market Commission (AEMC) in their "*Draft Report into the Review of Competition in the Retail Electricity and Natural Gas Markets in New South Wales*" states that ETFs "can be legitimate charges applied to recover additional costs borne by retailers as a result of a customer leaving a contract early, including to recover costs over which retailers have no control."¹ In the AEMC review there was no identification of any market failure due to the existence of ETFs.

The inclusion of an ETF in a product offering made to a consumer should simply be seen as one of the product elements to be considered by the consumer when determining

¹ AEMC (2013), *Draft Report into the Review of Competition in the Retail Electricity and Natural Gas Markets in New South Wales*, p.118



whether or not to take up the offer. That is the existence of and amount of the ETF is a point of differentiation in energy product offerings.

This being the case any focus on the ETF from a regulatory perspective should only seek to ensure the clear and transparent disclosure in the retailers product offering of the existence of the fee, amount of the fee and when (how) it will apply. Alinta Energy would point out that obligations already exist that require retailers to disclose this information.

Should you have any questions or wish to discuss our submission further, I may be contacted on (02) 9372 2653, or via email: shaun.ruddy@alintaenergy.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Shaun Ruddy", written in a cursive style.

Shaun Ruddy

Manager National Retail Regulation