



18 November 2013

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

By electronic lodgement

Early Termination Fees - Regulating the fees charges to small electricity customers in NSW - Draft Report

Origin Energy welcomes this opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART's) draft report on the regulation of early termination fees (ETFs) in New South Wales. While our overarching position remains that we do not believe the regulation of ETF's is necessary where competition in the retail market is effective (as is the case in New South Wales), we are generally supportive of the draft recommendations for base ETF caps set out in the draft report.

In undertaking the review, we believe IPART has made recommendations that strike an appropriate balance in the amounts of the base ETF cap it has determined by reflecting the risks and reasonable costs incurred by retailers following an early termination event and the need to establish an ETF cap to meet the terms of reference set out by the Government. Origin supports the approach taken by IPART and the analysis that led to the draft report recommendations.

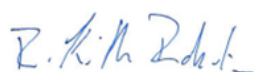
We understand that there is some consideration to set different base ETF caps for residential and small and medium enterprise (SME) customers. While Origin considers that a single base ETF cap to apply in year one and two of a market contract is more practical, we acknowledge that there are some differences in costs that apply to the two broad segments of customers and that many retailers, including Origin have different ETFs. Origin would welcome the opportunity to discuss these differences with IPART in advance of the final report being issued.

Origin participated in the hearing and considered it a worthwhile forum to examine the reasoning behind IPART's recommendations set out in the draft report. Origin supports the comments made in the hearing relating to the fact that a brief review of the Australian Energy Regulator's (AER's) *Energy Made Easy* website reveals very few retailers impose an ETF above the base ETF cap set out on page 2 of the draft report.

This further supports our position that there is no evidence of market failure in relation to ETFs in New South Wales. Nonetheless, we acknowledge IPART is obliged to follow the Government's terms of reference and has achieved this in its findings contained in the draft report.

Origin would welcome further discussion with IPART on the draft report and considerations it may make in preparing the final report, and in particular, the setting of different base ETF caps for residential and SME customers. Please contact David Calder on (03) 8665 7712 in the first instance.

Yours sincerely

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

Keith Robertson
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