



17 February 2012

Adrian Christian  
Chief Executive Officer  
Electricity Industry Expert Panel  
GPO Box 123  
Hobart TAS 7001

Dear Adrian,

### **ERM Power Submission to Draft Report**

Thank you for the opportunity to respond to the Draft Report. ERM Power Retail Pty Ltd (ERM) notes it previously provided a public submission to the Panel in August 2011 in relation to the Issues Paper. We wish to re-iterate some of the key points as they relate to the Draft Report.

We note that Hydro Tasmania is the majority provider of derivative contracts for electricity retailers to manage their financial exposure to retailing in Tasmania. Our experience is that Hydro Tasmania has demonstrated a commercially minded approach, been cooperative, listened to our needs and provided flexibility where able.

Given our experience in the Tasmanian market we do not see any barriers to entry for retailers on the wholesale energy procurement side. We have been effectively competing against Aurora Retail for several years.

We would be concerned if there are any legacy contracts between state owned entities that would provide one or the other with an unfair commercial competitive advantage.

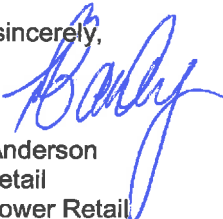
We have found that, when competing for structured contracts for major industrial customers (MIs), it appears that Aurora Retail has a competitive advantage because of its lower cost of funds.

We find it is difficult to obtain customer usage information in a timely fashion. We require this information to accurately price customers and we view the delay in receiving this information as a barrier to retail competition.

ERM remains confident that derivative pricing provided by Hydro Tasmania enables us to compete on a level playing field and have not seen the current structure of the Tasmanian electricity market as a barrier to entry for retailers.

Thank you for the opportunity to provide this submission.

Yours sincerely,

per:   
Mitch Anderson  
CEO Retail  
ERM Power Retail

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