

The Corporate Rate Group Pty Ltd

The buying group for businesses and professions

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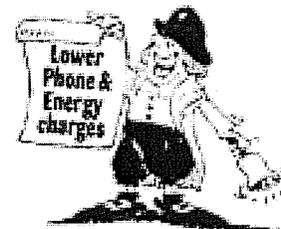
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Thursday, August 14th, 2008

To: The Australian Energy Market Commission

SUBMISSION - your reference: COR0017/2

AEMC's South Australian Retail Review

Confidential information has been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA) and sections 31 and 48 of the National Electricity Law.

2. My company

The Corporate Rate Group Pty Ltd is an organisation set up to represent the interests of small to medium sized companies and professions throughout Australia in their purchasing of telecommunication services and energy.

At the moment , we are conduction group buying of electricity only in South Australia.

3. Our history in the purchasing of electricity

Following the deregulation of electricity supply in South Australia, my company subsequently negotiated electricity contracts with a retailer for supply to our Members in 2004, the majority of whom are under 160 Mwh users.

The contract was for a term of 3 years and it provided our Members with generous discounts at fixed tariffs for the whole of the term of the contract (i.e. With no annual increments).

The discount was described in our marketing to our Members as a percentage from the prevailing June 2004 regulated rates.

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5. Our view re competition in the current market

It is our experience that there has been no perceivable competition since late last year when we recommenced negotiations.

Moreover, our Members tell us that whereas they used to be contacted regularly by telemarketers and even by door knockers from a number of electricity retailers, now there is a deafening silence.

We have noticed almost no advertising from electricity retailers or generators in the mass media, save image building corporate brand promotions, often linked with the arts or sport. Certainly there seems to be a complete absence of electricity price offers to consumers.

Even in today's issue of 'The Advertiser', an article titled "Solar Power Retail Windfall" describes how two of the major players in electricity retailing in South Australia are no longer paying for the electricity which is fed back into the grid by customers with their own solar panels. This means that these retailers are being supplied electricity by consumers free of charge!

We have been advised that only one retailer, TRUenergy, is paying consumers for their fed back electricity and that is at a rate less than the regulated rate those customers are paying to purchase it. The current subsidy from other customers redirected to solar panel customers by the

distributor ETSA is more than filling the gap. However, the behaviour of the electricity retailers involved is example and clear evidence of low effective competition in the marketplace.

6. **Our view on the proposal for the state governments to abandon the regulation of electricity tariffs**

It our experience that consumers, often including sophisticated small business operators, are easily confused by the current methodology of tariff charging methods by retailers.

At least while there is a regulated rate, that confusion relating to price is minimised by the bench mark of such rate.

Since we are also heavily involved in dealing telephony, we have witnessed, first hand, the effectiveness of the marketing techniques employed by the mobile telephone carriers to confuse the market with pricing.

It our belief that electricity prices can only rise if rate regulation is abandoned. From a buyer's perspective, at least with a regulated rate, a discount from those rates is easily understood and compared by business and domestic consumers.

Yours faithfully



Chris Lowden
Managing Director
The Corporate Rate Group Pty Ltd