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Electricity, gas prices may rise

VICTORIAN households could be hit by higher energy prices if they don't shop around for the best electricity and gas deal from January 1.

Changes as of the new year will remove the government-approved "standing offer" for electricity and gas customers, or what retailers refer to as "the price to beat" when drafting up energy contracts. Instead, energy retailers in Victoria will be allowed to charge what they like for energy contracts, a move that has consumer groups concerned that households unaware of the changes could end up paying higher power bills.

Energy Minister Peter Batchelor yesterday launched the "Your Choice" campaign, which will provide every Victorian household with a fridge magnet and a note informing them of the changes and tips on how to choose the most competitive deal.

Mr Batchelor said 60% of Victorians had already moved away from the standing offer and on to better deals. But he issued a strong warning to industry that the Government would revoke those powers if Victoria's competitive energy market was eroded.

"This is a message to the energy retailers that they have to do the right thing or we won't hesitate to take those powers back," he said. "Retailers will have to disclose their prices in a transparent and open way. A comparison will be available on the Essential Services Commission website by January 1 so consumers can find the best deal."

St Vincent de Paul's manager of policy and research, Gavin Dufty, said there was a risk that Victorians could end up paying more on their bills.

"If consumers don't pick up their energy bills and compare what they are paying with other offers out there we won't have a competitive market and that will expose us all to higher prices or prices that are above what they should be," he said.

"Energy companies will no longer have to submit their standing offer prices to the Government for scrutiny and vulnerable consumers will be left to search through complex energy contracts or rely on door-to-door salesmen to access gas and electricity," he said.

Energy Retailers Association of Australia executive director Cameron O'Reilly said retailers would be forced to beat competitors prices and customers would receive an array of offers.

"We already have the starting point of a very competitive market but offers have tended to congregate around regulated tariffs. You will probably see more diversity in market offers. If anything the competition will get hotter," he said.