

Irvine, Jill

From: Wendy.Heath@esc.vic.gov.au
Sent: Wednesday, 13 February 2008 11:16 AM
To: consumer (Ex email)
Subject: Brief Submission: Consumer Policy Framework

I apologise for this late submission, but I write to correct an inaccuracy in the recent Productivity Commission's report. On page 422, based on a submission from PIAC, the report notes "...in Victoria, early termination fees for energy supply contracts have recently been capped at \$25, an apparently "fair and reasonable" estimate of damage resulting from a customer's early termination."

This is not correct. In its Final Decision: Early Termination Fees Compliance Review, December 2006, the Commission stated:

The Commission's Final Decision is that the ETF should not be greater than the incremental administrative costs, hedge book imbalance costs and the unamortised inducement costs. It is considered that the administrative and hedge book imbalance costs are unlikely to be more than \$20 for each energy account.

The value of the ETF should be calculated on a pro-rata basis.

The Decision goes into some detail as to how the unamortised inducement costs are to be regarded. It also provides a rationale as to why it is considered that the administrative and hedge book imbalance costs are unlikely to be more than \$20 for each energy account.

Your correction of this in the final report would be appreciated.

Please feel free to contact me if you would like to discuss.

Regards

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13/02/2008