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13 August 2018

Mr Ron Ben-David
Chairperson
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Submitted electronically: exemptionregister@esc.vic.gov.au

Dear Mr Ben-David,

Re. Energy Retail Code obligations for exempt sellers under the General Exemption Order 2017

Red Energy and Lumo Energy welcome the opportunity to respond to the Essential Services Commission's (the Commission) draft decision on obligations for exempt sellers. We support the Victorian Government's policy decision to extend protections to customers of exempt sellers. It is appropriate for energy consumers to enjoy the same levels of protection, irrespective of the mechanism through which they receive supply. This policy also introduces regulatory neutrality, which is important in an environment where exempt sellers offer a relatively small but increasingly significant alternative to more traditional retail models.

The Commission's proposed approach - to apply relevant provisions of the Energy Retail Code to different categories of exempt sellers - is proportionate and pragmatic. It is a reasonable balance between extending consumer protections and imposing administrative and compliance costs. We also welcome the Commission's decision to align its categories with those of the Australian Energy Regulator (AER) under its exempt seller framework.

However, the Commission does not explain how the framework will account for the various recommendations of the Independent Review of Electricity and Gas Retail Markets. This is a major piece of work that will not only fundamentally change how retailers communicate with customers but also influence how Victorians engage in competitive energy markets.

The Commission will be aware that the industry is now implementing measures to allow customers of exempt sellers to access the broader market. This reflects recent revisions to the AER's Network Exemption Guideline and changes to the National Electricity Rules (and supporting procedures) to create the role of Embedded Network Manager to perform market interface functions to link embedded network customers to the National Electricity Market.

Moreover, the Victorian Government's policy intention is for customers of exempt sellers to access the competitive market. In this context, it is entirely appropriate that any revised obligations with respect to bills and marketing also apply to registered exempt sellers so consumers can undertake meaningful comparisons. Therefore, we encourage the Commission to consider and detail in its final decision how these workstreams will align.



About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, New South Wales, South Australia and Queensland to over 1 million customers.

Red and Lumo thank the Commission for the opportunity to respond to the draft decision. Should you have any further enquiries regarding this submission, please call Geoff Hargreaves, Regulatory Manager on 0438 671 750.

Yours sincerely

A handwritten signature in black ink, appearing to be "Ramy Soussou". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ramy Soussou

General Manager Regulatory Affairs & Stakeholder Relations

Red Energy Pty Ltd

Lumo Energy (Australia) Pty Ltd