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26 October 2021

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted electronically: [RegulatoryInnovation@aer.gov.au](mailto:RegulatoryInnovation@ aer.gov.au)

Dear Mr Funston,

Re: Draft Better Resets Handbook

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make a submission to the Australian Energy Regulator's (AER) consultation on the AER's Better Resets Handbook - Towards Consumer Network Centric Proposals (the Handbook).

The Handbook generally requires networks undertake genuine consumer engagement, in their process to develop revenue proposals. We agree that this change will ensure that the AER is better positioned to accept regulatory proposals (or parts of them) at the draft decision stage improving the efficiency of the current process.

But while supporting this change, the AER must continue to play an active role in regulating revenue caps, especially as the overwhelming majority of consumers rely on the AER instead of directly engaging on each issue. It is particularly concerning that networks "consult" on certain parts of their regulatory proposals that are beyond the realm of most consumers, and subsequently claim they have genuinely consulted on that issue. It is not surprising that in these circumstances that there would unfortunately be unintended consequences for consumers. We have provided specific examples of this in our submission to the AER on the standardisation of ancillary services.

We have no doubt that the requirement under the Handbook for the Consumer Challenge Panel (CCP) to produce an assurance report assessing the robustness of the consumer engagement goes a long way to addressing some of our concerns. In addition, the requirement on networks to develop a consumer report outlining how well the desired outcomes of consumers have been incorporated into the proposal is also beneficial.

However, we consider that the AER must also continue to play an active role in regulating revenue caps even after the Handbook is introduced. As the level of consumer consultation improves under the Handbook, the AER must ensure that it reviews the entire revenue cap

proposal before it is approved and continue to conduct a forensic review into those parts of the revenue cap, in particular many interested stakeholders do not have the necessary skill sets to engage properly.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in South Australia, Victoria, New South Wales, Queensland and the ACT to over 1.1 million customers.

Red and Lumo thank the AER for the opportunity to comment on the issues paper. Should you wish to discuss aspects or have any further enquiries regarding this submission, please call Con Noutso, Regulatory Manager on 0481 013 988.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ramy Soussou". The signature is stylized with loops and a long horizontal stroke at the end.

Ramy Soussou
General Manager Regulatory Affairs & Stakeholder Relations
Red Energy Pty Ltd
Lumo Energy (Australia) Pty Ltd