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30 July 2021

Mr Sebastian Roberts
General Manager
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted via email to: VICGAAR2023@aer.gov.au

Dear Mr Roberts,

Re: Reference Service Proposals for the Victorian gas distributors July 2023 - June 2028

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to respond to the Reference Service Proposals that have been developed by Australian Gas Networks, AusNet Services and Multinet Gas Networks (Victorian gas distributors) for the 2023-2028 Victorian Gas Access Arrangement Review (GAAR).

The Australian Energy Regulator (AER) is currently consulting on the reference service proposals developed by the Victorian gas distributors, which determine the regulated charges paid for by consumers. Acknowledging that the Victorian gas distributors are all independent businesses, in the end, they are regulated monopolies that offer gas haulage services, hence should offer the same reference services. We support efforts to align the reference services offered across the three businesses.

In general, we support the proposals by AusNet Services to move the 'Meter Fix or Meter Reinstallation' service and the 'Meter and Service Removal' from a non-reference service to a reference service. We consider these decisions to be in the long term interests of consumers. It is not appropriate that cross meter investigations continue to be excluded from reference services.

We have concerns that non-reference services offered by the Victorian gas distributors will not be subject to some form of price regulation. As such, customers will therefore be required to accept the cost of non-reference services without really knowing whether these services are efficiently priced nor will they have any recourse to dispute these costs.

As a result, we consider an alternative approach to offering non-reference services for the Victorian gas distributors for the next GAA period is warranted. That is, any customer that is required to pay for a non-reference service should have the power to question the cost of that

service. The customer should be entitled to ask the Victorian gas distributor for a breakdown of the costs for the relevant non-reference service. The customer should have 30 days to review those costs to determine if they are satisfied that they are reasonable. If they are not, they should be able to take their case to an independent arbitrator who will determine if those costs are fair and reasonable.

Victorian gas distributors have acknowledged that increasing cost transparency around the costs of non-reference services would benefit customers of the Victorian gas distributors. They consider the Energy and Water Ombudsman of Victoria (EWOV) is an appropriate body to manage disputes for non-reference services. We do not agree.

We query whether EWOV has the expertise and technical skills to adjudicate on these types of disputes. Further, we query whether the EWOV scheme is able to take on these types of cases. In our view, this work would probably be better suited to economic regulators, such as the AER, who have experience in determining the cost of these services.

As non-reference service charges make up, up to 1% of the total Victorian gas distributors revenues, we expect that the AER will consider our proposal. If changes to charging for non-reference services outlined in this paper are not adopted, consumers will not consider that they have the control for what they pay for these services. This will always make for a poor customer experience and as such should be addressed.

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, Queensland and South Australia and electricity in the ACT to over 1 million customers.

Should you wish to discuss aspects or have any further enquiries regarding this submission, please call Con Noutso, Regulatory Manager on [REDACTED].

Yours sincerely

A large black rectangular redaction box covering the signature area.

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