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3 May 2016

Mr Simon Kidd  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Submitted electronically

Dear Mr Kidd,

### **Re: AER Sustainable Payment Plans Framework – Further Consultation**

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Australian Energy Regulator (AER) on the Sustainable Payment Plans Framework (the Framework) – Issues for Further Consultation (the Further Consultation).

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

#### **Published retailer list**

As stated in our original submission, Red and Lumo maintain that a published list will not achieve substantively greater outcomes for consumers than a guideline issued to encourage retailers to work towards what the AER deems to be best practice in this area. While it may be appropriate in the future should the guideline be in fact determined to be substantively beneficial for consumers to develop a published register, at this stage we continue to believe that this outcome will not be guaranteed.

#### **Implementation transition period**

Red and Lumo welcome the AER's proposal to allow retailers time to amend processes prior to any published list being finalised to allow them to comply with the framework should they wish to. The timeframe of 4 months appears reasonable should limited process (and no system) changes be required, however until the final framework is released we are unable to determine whether further system changes would be required to confidently implement the framework as designed.

#### **Starting with 'What can you afford?'**

Red and Lumo are concerned that the Good Practice Guide Chart (the Chart) in Section Two of the Framework does not provide sufficient clarity that the two left hand sections (*The retailer starts the conversation by asking what the customer can afford and if it isn't clear what the customer can afford*) are intended to be read together to determine a holistic picture of a consumer's circumstance. We believe that a literal reading of the Chart would not allow retailers to engage in a further discussion with consumers who advise unsustainable affordability. A more useful representation of the Chart may be to combine both left hand columns, thus starting the conversation as desired with 'What can you afford?', but allowing rapport and confidence to be built between retailers and their customers, ensuring that the amount provided will enable

a customer to repay their energy debt as quickly as possible without detrimentally impacting their circumstances.

This combined representation allows retailers and consumers alike to explore their circumstances, and encourages a more holistic discussion that may uncover further individual assistance that may be appropriate.

### **Conclusion**

We would like the AER to consider this submission in conjunction with our previous submissions on the Framework. Together, we consider that our suggested amendments will result in a Framework that may provide benefits to retailers and consumers alike.

Red and Lumo thank AER for the opportunity to respond to these additional matters. Should you have any further enquiries regarding this submission, please call Ben Barnes, Regulatory Manager on 03 9425 0530.

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping loops and 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**