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14 July 2017

Ms Sarah Proudfoot
General Manager, Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted electronically

Dear Ms Proudfoot,

Re: Access to Dispute Resolution for Exempt Customers

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Australian Energy Regulator (AER) on the Access to Dispute Resolution for Exempt Customers Issues Paper (the issues paper).

We support extending access to free and independent dispute resolution to all consumers of grid supplied energy, provided any methodology determined ensures that the scheme applies equally between exempt sellers and existing scheme participants. This includes both the costs of operating the scheme, and the principles underlying it, in particular the power of an Ombudsman to make binding decisions.

As noted by the AER, jurisdictional ombudsman schemes are industry funded. While varying slightly between states, all schemes require members to pay an upfront joining fee, and additional costs for any complaint received. The fee structure is intended to fairly recover the costs of operating the scheme between members based on their impact. We consider that any extension of the schemes to exempt energy sellers must maintain this principle with no cross subsidies.

The scope of the extension

There are a number of other reviews being undertaken across the NEM with similar concepts to this consultation. The Council of Australian Governments Energy Council is undertaking an Energy Transformation Project, which amongst other things is looking at appropriate consumer protections for behind the meter technologies and stand alone power systems. Victoria is also undertaking a review of its General Exemption Order.

With these reviews in mind, Red and Lumo consider that the current regulatory mechanisms in the National Energy Retail Law (NERL) are no longer fit for purpose. The NERL regulates based on the provider of the service, rather than the service being provided. This results in authorised energy retailers being obligated to provide a range of consumer protections, including access to jurisdictional ombudsman schemes, that other energy sellers do not need to provide. We strongly believe that for the NERL to

remain fit for purpose as the energy market transforms, the regulatory framework must consider what are appropriate protections for the service being provided, rather than the service provider.

Exempt sellers cover a broad range of services. These include grid delivered energy in embedded networks of varying sizes to residential customers, grid delivered energy to business customers, and solar power purchase providers. The end consumer in these circumstances is different, and as such they require differing protections.

Appropriate expansion of ombudsman schemes

Red and Lumo consider that residential consumers of grid supplied energy should have access to free and independent dispute resolution. This is in line with the current protections afforded to customers of energy retailers.

We do not believe that consumers of other services that do not currently have access to ombudsman schemes should automatically be granted access simply because they are being provided an 'energy' related service under the NERL. These other services not currently covered by ombudsman schemes include the provision of solar power purchase agreements to small customers. As noted above, the imposition of access to ombudsman schemes does not come without cost. For this reason, any additional obligations requires in depth consultation as to its necessity. We would welcome the AER critically evaluating these needs throughout this consultation.

About Red and Lumo

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.

Red and Lumo thank the AER for the opportunity to respond to this consultation. 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, appearing to read "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