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22 October 2021

Mr Warwick Anderson
General Manager – Network Pricing
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted electronically: AERPricing@aer.gov.au

Dear Mr Anderson,

Re: Standardisation of Ancillary Network Services model

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make a submission to the Australian Energy Regulator's (AER) proposal to develop a standardised Ancillary Network Services (ANS) model to use in future electricity distribution determinations.

Ancillary Network Services (ANS) are non-routine network services that networks provide to consumers upon request. Currently, each network calculates their prices for these services based on their own specific financial models which are all based on different layouts, presentations and formula specifications making the regulatory process for assessing the ANS proposals complex.

The AER has proposed a standardised ANS model to improve the efficiency of the regulatory process. This will also provide retailers and interested stakeholders with greater scope to engage in the regulatory process for approving ANS charges.

We support the introduction of a standardised ANS because it simplifies the current approval process for ANS services. Retailers find it challenging to comment on the various financial models with their varying levels of complexity and information content in the ANS approval process. This has resulted in suboptimal outcomes regarding ANS charges for some of our customers.

Below, we provide two examples in this regard for the AER.

AusNet Services 2021-22 charging for single and multiphase new connections <100 amps

Under AusNet Services's Ancillary Services Schedule (ANS pricing schedule) the cost of a multi-phase underground connection with group metering inspection (Code 010130) appears inefficiently high at \$472 compared to the cost of a single phase underground connection at \$219 (Code 010118). The economies of scale associated with a multi-phase connection is not apparent for this service. We understand that there is an additional cost for the metering

inspection service associated with the multi-phase connection, however, we would expect this charge to be lower than it currently is.

Consequently, customers have raised concerns and complaints arguing this charge is too high. Similar to standard control services, ANS are not negotiable, and therefore the customer is subject to this cost irrespective of the retailer that they chose.

Ausgrid charging for National Meter Identifier extinction and metering site and alteration services

Ausgrid currently charges fees to make administrative updates into MSATS to make the National Meter Identifier (NMI) extinct following metering site alteration services undertaken on site. In many cases, these can not be recovered by retailers. In New South Wales, Accredited Service Providers (ASPs) provide contestable network services.

In many instances, a retailer's customer is a tenant who moves out and the owner of a property will engage an Accredited Service Provider (ASP) to remove the meter and abolish the site. The ASP subsequently submits all the relevant paperwork to Ausgrid for site information to be updated in the market systems. The retailer has no relationship with the owner, as such, is unable to recover these charges.

We envisage that the AER's approach to seek consistency and efficiency in the standardisation of ANS, these situations will be avoided.

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 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 [REDACTED].

Yours sincerely

A black rectangular redaction box covering the signature of Ramy Soussou.

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