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28 August 2018

Mr Russell Pendlebury  
Senior Adviser  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Submitted electronically

Dear Mr Pendlebury,

**Re: Advance notice of price changes - RRC0015**

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to make this submission to the Draft Determination on the rule change proposal to require retailers to provide advance notice of price changes as published by the Australian Energy Market Commission (the Commission).

Red and Lumo support an obligation on retailers to notify consumers in advance of price changes. We consider it the right thing to do for our customers as it promotes trust and creates a better experience. We seek to notify our customers in advance of price changes as a matter of course and are aware that many other retailers have similar practices.

However, given operational constraints as outlined in our previous submission we see little benefit in prescribing a fixed timeframe, even of 5 days. Our preference remains a simple obligation to notify in advance. This would provide retailers with greater flexibility to manage the notification process and to account for logistical and other challenges, while maintaining the policy intent of the rule change proposal.

**Consumer action to reduce bills**

The Commission also suggests that prescribing a 5 day timeframe will enable consumers to take action, by switching retailers, for example. This may be the case for some consumers but as we noted in our previous submission (and as the Commission previously), the transfer of that consumer to another retailer would not realistically occur within 5 days.

The Commission refers to actions, such as '*budgeting, changing consumption patterns, deciding to invest in distributed generation or energy efficiency measures as well as engaging with the market directly with their retailer or via energy comparison sites with a view to changing plan or retailer*'<sup>1</sup>. Notice of a price change could trigger such actions but as mentioned, they are just as likely to occur following a high bill, billing error, a missed payment, changes to individual circumstances, or due to marketing activities (commercial or government). Therefore, we question the materiality of the incremental benefits of the draft rule compared to a simpler advance notification.

These are not reasons to oppose advance notification. Rather, the likely benefits of prescribing a 5 day timeframe compared to simply requiring advance notification are small and will not outweigh the associated costs and compliance risk for retailers. Following advanced notifications, consumers who transfer to another retailer following a price change can do so earlier than under the current Rules. This is a significant improvement for consumers, enabling them to save money on their bills.

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<sup>1</sup> Australian Energy Market Commission (2018), Advance notice of price changes, Draft Rule Determination, 5 July 2018, page 21

### **Other matters**

Red and Lumo are members of the Australian Energy Council and are supportive of their submission, in particular regarding the appropriateness of suggesting that this rule requires a civil penalty. We also support the additional exclusions that they have recommended to the Commission in their submission.

### **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, South Australia and Queensland to over 1 million customers.

Red and Lumo thank the Commission for the opportunity to respond to the Consultation Paper. Should you have any further enquiries regarding this submission, please call Geoff Hargreaves, Regulatory Manager on 0438 671 750.

Yours sincerely

A handwritten signature in black ink, appearing to be "Ramy Soussou", written over a faint circular stamp or watermark.

**Ramy Soussou**

General Manager Regulatory Affairs & Stakeholder Relations

**Red Energy Pty Ltd**

**Lumo Energy (Australia) Pty Ltd**