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8 August 2019

Andrew Truswell
Director
Australian Energy Market Commission
PO Box A2449

Sydney South NSW 1235

Submitted electronically andrew.truswell@aemc.gov.au

Dear Mr Truswell,

Re: Review of stand alone power systems priority 2

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to provide input to the Australian Energy Market Commission's (Commission) draft report on its review of regulatory arrangements to support the provision of stand alone power systems (SAPS).

Red and Lumo support the Commission's draft report which presents and explains the Commission's initial proposals on the regulatory framework to third-party SAPS. We support the Commission starting position that has sought to apply consistent principles between priority 2, and priority 1 (DNSP-led SAPS), and standard supply, recognising the importance of areas such as licensing, consumer protections and access to retail competition.

Nevertheless, we acknowledge that the regulatory framework will require a more flexible approach capable of accommodating a broader range of suppliers in priority 2. Therefore, we support the Commission's approach of developing a tiered regulatory framework that applies regulation in a proportionate manner depending on the size of the third party SAPS. The Commission applies this approach to category 1, 2 and 3 of third party SAPS developed in priority 2.

We look forward to the Commission's future consultation on how this tiered framework will operate in practice. The framework should provide certainty to all parties about their respective regulatory obligations and as far as possible, should be competitively neutral. Most significantly, it must ensure that any consumers receive the same entitlements and protections, irrespective of the mechanism through which they receive their energy.

Finally, Red and Lumo are members of the Australian Energy Council's (AEC). The AEC represents 23 major electricity and downstream natural gas businesses operating in competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses. We note that the AEC has made a submission in response to the draft rule and we support their submission.

About Red and Lumo

Red and Lumo are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, South Australia, New South Wales and Queensland to approximately 1 million customers. Should the Commission have any enquiries regarding this submission, please call Con Noutso, Regulatory Manager on 0481 013 988.

Yours sincerely

Ramy Soussou
General Manager Regulatory Affairs & Stakeholder Relations
Red Energy Pty Ltd
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