

Australian Energy Market Commission,
PO Box A2449,
Sydney South NSW 1235

Submitted Electronically

Dear Sir/Madam,

Re: RRC0001 Retail Price variations in Market Retail Contracts

I would like to make a few comments on your Draft Determination.

Firstly it does not appear to apply to Victoria unless Victoria is covered by point (e) "Commonwealth".

I have read the submission from Lumo merely as an example of a 2nd tier retailer's response. It frequently refers to "a range of products". To the customer there is only one product, namely "Electricity". This is typical of the obfuscation that the retail industry likes to introduce.

In section 1.1, Lumo agrees to the "efficient allocation of costs and risks". The 22% pay-on-time discount they offer in no way reflects the savings to Lumo of a prompt payment. It is, again, designed to obfuscate the fact that their Kw charge is high.

I agree that fixed term, variable rate contracts have a place in the market but they should allow a customer to opt out without penalty when a price rise is announced. This will prevent retailers offering a very lucrative sign-on rate and then increasing it before the first bill is issued. Currently they (EG Lumo) advertise the right to cancel a contract but only in their fine print do they display the conditions :

"If We vary Your Energy Charges under clause 7.3 by more than the Energy Charge Variation Percentage nominated in the Energy Supply Agreement Schedule".

The overall aim of the rules should be to simplify the choice of retailer by allowing customers to compare the Kw rate. Any other charges and discounts should reflect the true value of the costs and will not vary greatly between retailers.

Yours Sincerely,

M. Davies