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22 December 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth St
Sydney NSW 2000

Submitted electronically

Dear Mr Pierce,

Re: Using estimated reads for customer transfers (ERC0196)

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Australian Energy Market Commission (the Commission) on the National Electricity Amendment (Using Estimated Reads for Customer Transfers) Draft Determination (the draft determination).

Red and Lumo strongly support the draft determination of the Commission not to make a rule to use estimated reads for customer transfers. We continue to believe that with the improvements in customer transfer timeframes over recent years, and the impending changes to competitive metering arrangements in the National Electricity Market, any rule regarding switching on estimates would not be in the long term interests of consumers. As such, a rule made would not meet the National Electricity Objective.

Ability of a customer to switch easily and quickly

Red and Lumo consider that there are existing processes to enable faster switching where it is of value to a customer with type 5 or 6 metering. Special reads remain a relatively inexpensive and simple method to ensure a transfer is expediated. Special reads also ensure accuracy in the transfer with no negative ancillary impacts.

We do not agree with any suggestion that customers without a smart meter will be disadvantaged compared to those with one. As noted above, there will remain an ability for customers to transfer quickly. Further, some retailers are likely to offer special reads to customers free of charge in a competitive market. Regulated solutions cannot be determined based on a speculative assumption that markets will fail consumers.

Elements of the proposed rule

The Proponents suggested the rule be limited to only allow transfers on estimates where the most recent scheduled reading was actual. We supported this limitation however noted that it would be administratively burdensome given the market systems do not record the quality of previous meter readings. We understand that some parties have suggested that customers could be advised prior to giving explicit informed consent that their transfer *may* take place on an estimate if possible. Alternatively customers could be asked to clarify whether their property had any risk factors to estimate reads such as locked gates or dogs before being offered an estimate transfer. We do not consider either suggestion would instill confidence in energy markets. As a customer, being told that an energy provider is unable to determine if your site recently had an actual read, or that they were unable to advise

if a transfer would occur quickly on an estimate or more slowly on an actual read seems illogical. As noted above, if consumers value a fast transfer, they should be able to get a fast transfer – not be told they might be transferred sooner or they might not.

If any rule is to be considered following this draft determination, we expect the Australian Energy Market Operator to augment the Market Systems and Transfers System to include read quality in standing data.

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 Commission for the opportunity to respond to this draft determination. 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, consisting of several overlapping loops and 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