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8 October 2015

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam,

**Re: Meter Replacement Process Directions Paper (ERC0182)**

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Australian Energy Market Commission (the Commission) on the Directions Paper for the Meter Replacement Process rule change.

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.

**Proposed Policy Position**

The Commission has proposed that the National Electricity Rules (NER) be amended to allow an incoming retailer to organise a meter exchange, with its completion to occur once the retailer is financially responsible for the site. Additionally, the Commission has proposed to allow commercial arrangements between incoming and incumbent parties to allow the meter to churn prior to a transfer completing.

Red and Lumo provide in principle support to the policy position that the Commission has proposed. We consider this solution equitable as it will both address the concerns raised by ERM Power but also meet the needs of the established and developing markets. The Commission's drafting of these policy principles into the NER will be pertinent to the success of the rule change. In addition to supporting the high level policy position, we provide the following comments on specific matters contained within the Directions Paper.

**Assessment Framework**

The Commission outlined their assessment framework in the Directions Paper to ensure that the proposed change meets the National Electricity Objective (NEO). In addition to the NEO, it proposes that the assessment should also consider consumer engagement and customer satisfaction. Red and Lumo support this focus and its relationship to the proposed policy position. It is our view that where the roles and responsibilities are clear, expectations can be managed in both a market and customer perspective, providing the optimal outcome for all parties.

In the Directions Paper, the Commission also proposed to assess the changes against regulatory transparency and certainty along with transaction costs. We consider that reducing any inconsistencies in the rules and ensuring that roles and responsibilities are clearly articulated without adding further complexity in a transactional sense will provide an ideal outcome.

At a high level, the proposed policy position meets the assessment criteria and a proposed rule should be made as it meets the long term interests of consumers.

### **Implementation**

The Directions Paper highlights the relationship between the rules and procedures that will need to be drafted in order to meet the revised rule once made. There are some operational matters that must be considered when finalising the drafting, for example the treatment of retrospective transfers, whether multi-sites are small or large customers, and the exact date when a retailer becomes financially responsible for a site.

Red and Lumo support the Commission providing guidance to the industry and AEMO in the Draft Determination and Final Determination to remove ambiguities and provide clarity. This is particularly pertinent in the Draft Determination, as the impacted procedures will be under development for the competition in metering rule change.

Red and Lumo thank the Commission for the opportunity to respond to this Directions Paper. Should you have any further enquiries regarding this submission, please call Stefanie Macri, Regulatory Manager on 03 9976 5604.

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

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