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24 October 2022

Ms Meredith Mayes
Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001

Submitted electronically

Dear Meredith,

Re: Review into extending the regulatory frameworks to hydrogen and renewable gases

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make this submission to the Australian Energy Market Commission (the Commission) on the recommended draft rules to the National Gas Rules (NGR) and National Energy Retail Rules (NERR) if the National Gas Law (NGL) and National Energy Retail Law (NERL) are extended to covered gases and natural gas equivalents are supplied to consumers.

Red and Lumo are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, New South Wales, Queensland, South Australia and in the ACT to over 1.2 million customers.

We support the amendments to the legislative framework to accommodate covered gases consumers. Red and Lumo have focused this submission on streamlining the draft rules, to ensure that operationalising these important changes are efficient, effective and provide a consistent customer experience in line with other industry processes.

Attached to this submission is a table of suggested amendments to the draft Rules as proposed as part of the Commission's final report. We welcome the opportunity to have any further discussion with the Commission to discuss the operational impact on both retailers and consumers. To discuss this submission, please contact Sean Jennings, Regulatory Manager on 0403 846 585.

Yours sincerely

Stefanie Monaco
Manager Regulatory Affairs
Red Energy Pty Ltd
Lumo Energy (Australia) Pty Ltd
Att.



Suggested Rule amendments to extend the regulatory frameworks to hydrogen and renewable gases

Draft Rule as proposed	Issue
<p>Division 4 Customer retail contracts—billing</p> <p>28 Historical billing information (SRC and MRC)</p> <p>(1A) In the case of gas, if there has been a change of gas type (as defined in rule 147C) during the previous 2 years, historical billing data provided under subrule (1) must specify the date on which the gas type changed.</p>	<p>Including the change of gas type in ‘historical billing data’ will require retailers to change their existing bill format. This is because ‘historical billing data’ for gas customers with a standard volume meter consists of prior bills which carry the relevant data; consumption, heating value and pressure correction factors (there is no NEM13 equivalent data file for gas).</p> <p>If this draft rule is applied, retailers will be obliged to provide an indication of the type of gas on the customer’s billing from the transition date of a network section which would require a change to retail bill format that should be considered by the Better Bills initiative currently underway.</p> <p>We recommend that the Rules are amended to require distribution businesses to publish information on their website regarding the transition, by network section. Retailers will then be able to refer customers to this information to support any questions about how covered gases have impacted their bill.</p>
<p>49B Notification of gas type (gas only)</p> <p>(1) Subject to subrule (2), a retailer must include, as a minimum requirement in relation to the terms and conditions of a market retail contract, the following information:</p> <p>(a) the type of gas that may be supplied under the market retail contract; and</p> <p>(b) if the type of gas that may be supplied under the market retail contract is a gas blend, the primary gases that are blended together to make the gas blend.</p> <p>Note: The type of gas that may be supplied through a distribution system could be a primary gas (for example, biomethane) or a gas blend made up of</p>	<p>The requirement to include ‘type of gas’ for any combination of primary gases within the terms & conditions of a retail contract introduces significant costs to retailers in the preparation, maintenance and delivery of retail contracts.</p> <p>The current set of primary gases could require up to 7 variants alone for each of the standard retail contracts and market retail contracts, as each could require a new version for each combination of primary gases introduced. For example, one to cover biomethane being added, and another to cover synthetic methane only.</p> <p>We recommend that the draft rule requires retailers to link back to the definitions contained within the legislation. This will cover all the hydrogen and renewable gas types, and only require one change rather than multiple versions of the market and standard retail contracts.</p>



Draft Rule as proposed	Issue
<p>two or more primary gases (for example, a blend of natural gas and hydrogen). (2) Subrule (1) does not apply if the only type of gas that may be supplied under a market retail contract is natural gas.</p>	<p>Consequential amendments will also be required to Schedule 1, clause 3.</p>
<p>147D Distributor notice of change of gas type 147F Retailer notice of change of gas type 147G Guidelines</p>	<p>Red and Lumo consider that the notification of a change of gas type is the equivalent communication to a customer as a planned interruption notification, and should be communicated by the party with all the information. In this case, it would be a distributor communicating directly with a customer.</p> <p>Using the same or similar timing as a planned interruption notice, the distributor should be obliged to tell the customer and the retailer of a change of gas type, consistent with the existing rule requirements for a planned interruption.</p> <p>If this rule were to remain in place, Retailers would require information down to the MIRN level as there is no equivalent information to MSATS or TNI information in gas that retailers can compare with. So if a network provided notice of a change of gas type for one particular network section (but not others), retailers would need to know which individual MIRNs were impacted. This is consistent with a planned interruption notice, as the retailer is not privy to the information of which houses are connected to which sections of the network. Further, it is unclear how a retailer will be able to objection handle any queries or complaints about the new gas type. Whereas, the distributor has all the information as it has provided it to the customer and also has been through the approval process to connect the facility to its distribution network. As such, if a customer received the information from a retailer, consistent with the current drafting, the retailer would just warm transfer the customer to the network to understand any specifics about the implications of the gas type on their individual appliances.</p> <p>Considering the nature of the communication, we do consider that the AER could decide whether the network requires guidelines on how to communicate this</p>

Draft Rule as proposed	Issue
	<p>information to customers and retailers. We note that some of the contents of draft rule 147G may require amendments to reflect the changed nature of this communication.</p> <p>It is on this basis that Red and Lumo strongly oppose the introduction of rule 147F and support amendments to 147D for the network to provide that information to both customers and retailers, consistently.</p>
<p>414 Capacity information ... (4) An STTM facility operator is not required to notify AEMO under subrule (1) in respect of a gas day if there is no material difference between the quantity of gas which the STTM facility operator expects, in accordance with good gas industry practice, that the STTM facility will be able to deliver to the relevant hub on the gas day and the substitute information that would be used by AEMO under subrule (2A)(b) for the gas day. (5) For the purposes of subrule (4), there is a material difference if the magnitude of the difference exceeds 600 GJ.</p>	<p>Red and Lumo query what the impact is on participant allocations, if multiple STTM facility operators do not notify AEMO of ‘material difference’ in quantity? We note that this may impact STTM or No OBA network sections.</p> <p>In particular, if there are multiple connected facilities that are not required to notify AEMO for the 600GJ difference.</p>
<p>gas quality specification for a hub means, in respect of a custody transfer point: (a) the standard gas quality specifications; or (b) where: (i) another gas quality specification for the injection of gas at a custody transfer point has been agreed in writing by persons injecting gas at the point and the</p>	<p>Red and Lumo query who holds responsibility for gas quality delivered to a retail customer when the Distributor and injecting participants may agree upon ‘another gas quality specification’ at an injection point.</p> <p>A retailer or shipper may not inject gas at all injection points which supply a network section, however a retailer is taken to be responsible for the gas delivered to their customer.</p>

Draft Rule as proposed	Issue
<p>relevant STTM distributor and a regulatory instrument of the relevant adoptive jurisdiction specifically authorises such an agreement to be reached; or</p> <p>(ii) another gas quality specification has been specifically authorised under a regulatory instrument of the relevant adoptive jurisdiction and that authorisation is applicable to the injection of gas at the custody transfer point,</p> <p>that gas quality specification.</p> <p>(a) the gas quality specification contained in Australian Standard AS 4564 — 2005, Specification for general purpose natural gas (as amended or replaced from time to time); and</p> <p>(b) any additional gas quality specifications contained in the applicable access arrangement for an STTM distribution system at that hub.</p>	