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12 May 2016

Mr. John Pierce
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Mr. Pierce,

Re: National Energy Retail Amendment (Meter Read and Billing Frequency) Rule 2016 – RRC0006

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Australian Energy Market Commission (the Commission) on the National Energy Retail Amendment (Meter Read and Billing Frequency) Draft Rule Determination (the Draft Determination).

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.

The Commission's more preferable Rule

While Red and Lumo agree with the Draft Decision that a decrease in the number of bills issued yearly would not represent an outcome that was in the long term interests of consumers, we disagree with the rationale presented to support the more preferable Rule developed.

As agreed by the Commission, retailers are financially disincentivised from unduly delaying customer billing. To support the more preferable Rule, it was considered that despite being allowed in the National Energy Retail Rules to issue a bill as infrequently as every 100 days for Standard Retail Customers (SRC) that retailers would not delay billing a customer for whom it had an accurate read. This statement holds true irrespective of whether the maximum billing limit is 92 days, 100 days, or 120 days.

While the Commission considers that a four month billing period is unlikely to provide a customer with the timely information they need to make informed decision, Red and Lumo believe this concern will be further exacerbated by the more preferable Rule. A consumer issued an estimated bill at day 100, will likely not receive actual data on their energy consumption until their next bill, being received after at least day 180, a vastly worse outcome for a consumer looking to understand the impacts of their consumption.

Red and Lumo believe that the Rule put forward in the Draft Decision may contribute to minimising the compliance issues presented by Ergon Energy in the rule change request, however, would not improve the ability of retailers to issue accurate and timely billing, and ultimately detrimentally impact the long term interests of consumers. In most circumstances, retailers receive timely metering data through the B2B systems automatically, however in some circumstances, a Provide Meter Data request (PMD) must be issued to the Meter Data Provider to obtain the reads. We consider that for

most automatically received reads, a 100 day limitation would allow sufficient time to issue the customer an accurate bill. All exceptions to standard procedures would result in an estimated bill being issued to a customer, due to the requirement to wait until the 6th business day after a scheduled read to issue a PMD.

As stated in our initial submission, Red and Lumo strongly believe accurate billing that enables consumers to understand their energy usage in a timely manner is a critical cornerstone to achieving the National Energy Retail Objective. Consumers receiving timely, yet inaccurate billing do not have this ability to understand their usage, and the resulting financial and social impacts on themselves and the broader community. For these reasons, should the Commission consider the 120 day maximum limit to be too infrequent for the very small percentage of consumers retailers have been unable to obtain meter data for, Red and Lumo strongly believe that a 110 day limit would achieve significantly greater benefits for consumers overall than a 100 day limitation.

A 110 day limitation would allow retailers time to seek commonly missing data, with the additional time greatly increasing the likelihood of accurate data being obtained and billed upon. The decrease from 120 days to 110 days would ensure only complicated instances requiring further investigation resulted in retailers issuing estimated bills, without the risk of consumers only receiving three bills annually.

The transition to smart metering

From 1 December 2017, all new and replacement electricity metering must meet minimum specifications, including the ability for remote communication. Red and Lumo consider that once all consumers have a new minimum specification smart meter at their premises, the more preferable Rule may no longer be necessary or in the best interests of consumers. We suggest that the implications and validity of this Rule be reconsidered at this time.

Red and Lumo thank the Commission for the opportunity to respond to the 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, appearing to be "Ramy Soussou". The signature is stylized with loops and a long horizontal stroke at the end.

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