



22 November 2013

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Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam,

Re: ERC0162: Governance of Retail Market Procedures Consultation Paper

Red Energy welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's Consultation Paper entitled National Electricity Amendment (Governance of Retail Market Procedures) Rule 2014 (Rule change proposal) as proposed by the Australian Energy Market Operator (AEMO).

Red Energy currently retails across a number of jurisdictions in the National Electricity Market, and is a larger second tier energy retailer. As such, we have an interest in the outcome of this Rule change proposal and the extent to which it promotes efficient operation of energy markets in Australia.

Red Energy considers that the existing governance framework has the benefit of being able to efficiently consider and direct change on the basis of industry need. This is enabled through an independent chair, with the focus of progressing procedural changes that are of high value to industry participants, rather than those of the market operator.

Red Energy considers that the two rounds of consultation as prescribed in the National Electricity Rules for both B2B changes and other retail market procedure changes must be maintained, as it allows for open, transparent and considered consultation. The proposal only seeks to undertake a single round of consultation, which would reduce the certainty and stability of managing industry changes and reduce the transparency of those changes. Rule changes can profoundly impact retail businesses, and the opportunity of a second round enables the full impact to be determined.

Red Energy considers that change should focus on improved representation, opportunities for second tier retailers to have a voice, and the opportunity for open consultation with clear information on the positions of the various participants within the retail market.

Red Energy also notes that there is a lack of clarity in the governance arrangements of the change management framework operated by AEMO. Changing both frameworks concurrently does not provide a level of confidence to participants that a complete and coherent governance framework will be established.

Please do not hesitate to contact either Ben Barnes on 03 9425 0530 or me on 03 9425 0496 to discuss this submission further.

Yours sincerely

A handwritten signature in black ink, appearing to be 'SG', with a horizontal line underneath.

Stephen Grant
Manager-Quality and Compliance
Red Energy Pty Ltd