

12 February 2015

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam,

Re: EMO0029 Implementation advice on the Shared Market Protocol

Red Energy welcomes the opportunity to make this submission to the Australian Energy Market Commission (the Commission) on their Consultation Paper relating to implementation advice on the Shared Market Protocol (SMP).

Red Energy is a 100% Australian owned and operated subsidiary of Snowy Hydro Ltd. Red Energy currently retails electricity in Victoria, New South Wales and South Australia and is one of the largest second-tier retailers in the NEM.

Governance Model

Red Energy supports a governance model across all Retail Market Procedures, including the SMP, where amendments made are in the long term interests of consumers, not an individual section of the market, i.e. a retailer, a distributor, a meter coordinator, a meter data provider, a meter provider or a market operator.

Red Energy considers it difficult to consider an industry governance model that will be truly representative of industry rather than individual business interests. With an AEMO-led governance model, Red Energy believes there is more likely to be consistency in decision making with the other Retail Market Procedures and a market operator making decisions under the Rules Consultation Process. Consistency is important to ensure an efficient and harmonised process for all Retail Market Procedures, that is, Procedures defined as a "Retail Market Procedures" under the Rules.

Objectives and principles for decision-making

The Consultation Paper proposes whether the implementation of the SMP should include a development of an objective or principles for governances.

The process to approve changes to the Retail Market Procedures, including the SMP must include the National Electricity Objective and should also focus on the benefits to the consumer. Red Energy support changes that are made in the long term interests of consumers, qualified with tangible and intangible benefits.



Furthermore, in order to ensure that any interested stakeholders can engage in the consultation process, another objective or principle for inclusion should encompass transparency and timeliness. Transparency and timeliness are critical objectives to allow participants to know at what stage deliberations of any amendments to the Procedures are at.

Minimum Specification

It is Red Energy's view that all services included in the AEMO Minimum Functionality of Advanced Meters advice are included in the initial version of the SMP.

Red Energy supports the Commission's proposal that Metering Coordinators will not be mandated to offer services that are classified as secondary and value-add through the SMP. By taking this approach, all metering coordinators who offer additional services can do so through the common specification outlined in the SMP. However, any participant who does not intend to offer a non-mandatory service is not under obligation to build it.

Roles and Responsibilities

Red Energy considers the Commission's position that the metering coordinator be required to offer its services through the SMP, unless otherwise agreed is appropriate. This is expected to reduce any barriers to access the primary services, and reduced costs to serve as participants can rely on one method of communication to provide primary services to consumers.

The key responsibilities for inclusion in the SMP platform are privacy and IT security. However, Red Energy is unable to comment further until the AEMO advice on the SMP for the COAG Energy Council has been circulated.

Transition from B2B to the Shared Market Protocol

Red Energy considers that IT infrastructure transition is a matter that will be further understood when the AEMO advice is issued. Furthermore, it is best dealt with by AEMO and the users of B2B for agreement.

Transition from B2B to the SMP must include considerations relating to the governance arrangements. Where prior decisions are made by the IEC or AEMO to support the commencement of SMP, these must be taken as "made" upon commencement to reduce risks for participants.



Conclusion

Red Energy supports a governance model across all Retail Market Procedures where changes are made in the best interests of consumers, which are consistent with the NEO and a completed in a transparent, inclusive and timely fashion.

Red Energy will support a Commission proposal that meets the above criteria, whichever governance model is ultimately selected.

If you have any further comments or queries in relation to this submission, please do not hesitate to contact me directly on 03 9425 0496, or Ben Barnes on 03 9425 0530.

Yours sincerely



Stephen Grant
Manager - Quality and Compliance
Red Energy Pty Ltd

