

30 January 2014

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Sir/Madam

Draft Report: Framework for Open Access and Common Communications Standards Review
Reference: EMO0028

Red Energy welcomes the opportunity to provide comments in response to the Draft Report: Framework for Open Access and Common Communications Standards Review ("The Draft Report").

Red Energy is a second tier retailer currently operating in Victoria, New South Wales, South Australia, Queensland and the Australian Capital Territory. Red Energy is wholly owned by Snowy Hydro Ltd.

General introductory comments

Red Energy supports contestability in the roll out of smart meters and also in the provision of demand side participation and other services that are enabled by smart meters.

The significant driver in this review must be the end resulting benefits to consumers. Red Energy is concerned that excessive or too precise definition at this stage may ultimately inhibit innovation and result in fewer benefits for consumers, but with higher costs.

The Framework must not damage competitive neutrality between incumbents and new market entrants, and also between large and small retailers.

Red Energy also believes that a consistent approach across all states is preferable because it will reduce costs and encourage investment in innovation and certainty in planning.

Role of the Smart Meter Provider

The Draft Report contemplates the creation of a new market role of 'Smart Meter Provider' (SMP). Red Energy does not support the view that there is a need for this new role to be established. Red Energy believes that it should be possible to allocate additional responsibilities to existing roles.

In considering this issue we believe that the AEMC should consider the substantial rule changes and potential costly systems changes that would be required to accommodate the new role of SMP.

Common market protocol

Red Energy appreciates that there is a great breadth of opinion as to the selection and methodology of the common market protocol. Consistent with views around innovation and under prescription, Red Energy believes that the Commission should recommend a protocol, without specifying particular platforms or related technology. Some minimum specifications around current metrology requirements and basic re-energisation and de-energisation functions could be identified. Red Energy is particularly focused on ensuring that the Framework does not inhibit consumers' ability to switch retailers.

The common market protocol should be established as a B2B procedure, in line with the current Rules position. Again, this should be determined by industry, through the IEC (or its successor body). The IEC would therefore be responsible for overseeing maintenance of the protocol by AEMO. This would result in the most efficient development of the protocol and should bring about the most cost effective outcome for participants and consumers.

We would appreciate the opportunity to revisit this position once the outcome of the AEMC's rule change determination on AEMO's Review of Retail Market Procedures is confirmed.

Common Meter Protocol

Red Energy does not support the adoption of a common meter protocol. We believe that a common meter protocol will develop within the market, determined by market conditions and market participants.

Other Issues

Third Party Providers

We share the view expressed by others that third party providers need to be properly defined and that they should be subject to some form of accreditation or registration with AEMO. This is necessary in order to support the Draft Report's definition of an accredited party. Accreditation or registration is necessary to provide consistent obligations amongst market participants.

Consumer Protection

We consider that current regulation under the NERL and all of the associated regulation provides adequate consumer protections.

If any matters arise from this submission please contact me on 03 9425 0496.

Yours sincerely



Stephen Grant
Manager-Quality and Compliance
Red Energy Pty Ltd