



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

Lumo 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.

Lumo Energy is 100% Australian owned, as a subsidiary of Snowy Hydro Ltd. Lumo Energy currently retails electricity in Queensland and South Australia, and electricity and gas in Victoria and NSW. Lumo Energy is one of the largest second-tier energy retailers; as such we have a keen interest in metering policy and its potential benefits and impacts on our customers and competition in the market.

Governance

The Commission has presented two options in terms of governance for the Shared Market Protocol (SMP), an expansion of the Information Exchange Committee (IEC) that is representative of industry or for the Australian Energy Market Operator (AEMO) to undertake the governance functions.

Lumo Energy has considered both options in detail, particularly attempting to devise an industry led model to replace the IEC that will undertake governance for both B2B and SMP. However, it is difficult to consider an industry governance model that will be truly representative of industry rather than individual business interests. Through the appointment of AEMO to conduct governance, there will be consistency in decision making with the other Retail Market Procedures and a market operator making the decisions based on the NEO and any other objectives or principles.

It is important that the amended governance model covers all Retail Market Procedures, that is, Procedures defined as a "Retail Market Procedures" under the Rules must require the AEMO and/or the IEC to use the Rules Consultation Procedure for all changes. This will ensure efficiencies and consistency in the approach to procedure amendments.

Lumo Energy supports a governance model across all Retail Market Procedures where changes are made in the best 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.



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 governance.

Lumo Energy considers that the consideration and approval of Retail Market Procedures, including the SMP must take into account the following objectives and principles:

- **National Electricity Objective**
This should be an explicit consideration for all Retail Market Procedures changes made.
- **Benefits to the consumer**
Changes should be qualified with the tangible and intangible benefits to the consumer.
- **Transparency and timeliness**
Whilst all Retail Market Procedures changes must be made following the Rules Consultation Procedure, transparency and timeliness are imperative objectives to ensure that any interested stakeholder can attend an AEMO working group that is deliberating any prospective changes.

Making changes in a timely fashion is also imperative in a SMP perspective, where the implementation of a new service through the SMP will bring benefit to consumers who wish to access the service and industry-as-a-whole where they wish to adopt the same process.

Roles and Responsibilities

The Commission has proposed that the metering coordinator be required to offer its services through the SMP, unless otherwise agreed. Lumo Energy considers it appropriate that all primary services are offered through the SMP as it will reduce any barriers to entry as they will only have to build one method of communication to provide primary services to consumers. This will be in the long term interests of consumers, as there will be fewer transaction costs associated.

The SMP platform and access to it must have IT Security and Privacy at its core. Until the AEMO advice on the SMP for the COAG Energy Council has been circulated, Lumo Energy is unable to comment further.

Minimum Specification

It is imperative that the initial SMP must include all services included in the AEMO Minimum Functionality of Advanced Meters advice.

Lumo Energy's 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. Therefore, any retailer or meter coordinator who does not intend to provide a non-mandatory service will not be under any obligation to build it in line with the SMP. Conversely, should all



metering coordinators decide that they wish to provide the additional services via the SMP ensuring that there is a common specification is integral to the purpose of establishing the SMP.

Furthermore, Lumo Energy considers that adding the additional services into the SMP initially will not be cost prohibitive considering that all participants who intend to use the SMP will already be making changes.

Transition from B2B to the Shared Market Protocol

The Commission must undertake consideration of how the governance arrangements will transition when the SMP is established. It is expected that the SMP will commence on the same day as the Meter Contestability framework, therefore all decisions made prior to the commencement must be considered to be "made" upon commencement. Therefore, the establishment of the appropriate governance arrangements can take place upon commencement with the appropriate head of power.

In terms of the IT infrastructure transition, Lumo Energy considers that this is a matter that will be further understood when the AEMO advice is issued. Additionally, it will be a matter that AEMO and the users of B2B can agree when appropriate.

Conclusion

Governance of Retail Market Procedures should be reviewed in totality, not just discrete segments such as the IEC and SMP. Lumo 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. Lumo Energy will support a Commission proposal that meets the above criteria, whichever governance model is ultimately selected.

Lumo Energy thanks the Commission for their consideration of the matters raised in this submission. Please do not hesitate to contact me to discuss any of the matters in this submission further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Stefanie Macri".

Stefanie Macri
Regulatory Manager
Lumo Energy Australia Pty Ltd