



30 January 2014

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam,

Re: EMO0028: Draft Report: Framework for Open Access and Common Communication Standards Review

Lumo Energy welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's (the Commission) Draft Report on the Framework for Open Access and Common Communication Standards Review (the Review).

Lumo Energy is 100% owned by Infratil Limited, a company listed on the New Zealand and Australian Stock Exchanges. Lumo Energy currently retails across the National Electricity Market (NEM), and is one of the largest second tier energy retailers. As such, we have a keen interest in metering policies and their potential impact on our customers and competition in the market.

Common Market Protocol

Selection of a common market protocol

Lumo Energy supports the Commission making a recommendation for a common market protocol to be used. Lumo Energy agrees that a common market protocol will provide benefits, including but not limited to, providing a communication standard between participants that does not impose barriers to entry and promotes competition in both metering and retail markets. Lumo Energy advocates that the Commission should only recommend a common market protocol without specifying a particular technology, protocol or platform. This will enable the market, within the bounds of the National Electricity Objective (NEO), to find a solution that is efficient and in the long term interests of consumers.

Lumo Energy supports a common market protocol that at a minimum includes the current basic metrology functions and remote re-energisation and de-energisation. The common market protocol must provide the ability for transactions to be sent in a consistent, timely and efficient manner between the accredited parties that promotes competition to the benefit of consumers.

Maintaining a common market protocol

It is Lumo Energy's view that the common market protocol is established as a B2B Procedure, as currently defined in the National Electricity Rules (NER). This



will allow the Information Exchange Committee (or its successor, pending the current rule change) to determine the outcome that best meets the NEO. Provided that the Information Exchange Committee has an expanded representation that includes the ability for all participants that have obligations under the B2B Procedures to be represented, an agreed common market protocol that meets the NEO, benefits all accredited parties and subsequently consumers through enhanced competition.

Adding new functions to the common market protocol

A common market protocol, using a solution selected and agreed by the Information Exchange Committee (or its successor) may result in new functions being included in 'blank' transactions or there may be an innovative way to include new functions without exposing the IP to the market until it is in fact, common. Lumo Energy is concerned, however, that if the Commission predetermines the protocol for a common market protocol, these options will not be explored. Lumo Energy supports a common market protocol that includes new services where they become common, which does not stifle innovation or the introduction of new services in the market.

In summary, Lumo Energy strongly supports the Commission recommending the use of a common market protocol as defined and established by the market as a B2B Procedure.

Common Meter Protocol

Proprietary protocol or common meter protocol

It is Lumo Energy's view that the protocol utilised between the meter and the smart meter provider (SMP) does not need to be specified, where:

- accredited parties gain the access to the services they require, and the market for these services is competitive; and
- competition is sufficient that it does not drive meter churn.

Lumo Energy supports the Commission ensuring that there is no increased burden on customers to switch retailers with the introduction of this framework.

Smart Meter Provider Role

Lumo Energy does not have a firm view on the requirement of the role of a Smart Meter Provider (SMP) in the market. It is unclear at this stage whether this role is required, particularly in light of the meter coordinator role in the rule change being proposed by SCER. Lumo Energy considers that the Commission should not be recommending the inclusion of the SMP role until the outcome of the other rule change is known. The inclusion of such a role can be decided in the implementation phase of the market led rollout of smart metering.

Regulatory arrangements and competitive neutrality concerns

Lumo Energy shares the views of the Commission, who state in the Draft Report that "under contestable arrangements, market forces should be allowed to



operate without any regulatory intervention. However, regulation may be desirable if there were a monopoly service provider”.¹

Lumo Energy strongly supports the Commission recommending a framework that focuses on the customer’s ability to choose a retailer, product or service. This framework must not introduce new barriers to entry or competition, through price, access or service.

Ultimately, the Review should focus on the ability for the customer to engage with their electricity consumption enabled through their smart meter and its real time data. Any impediments to allowing customers access to their real time data via their retailer of choice, irrespective of their SMP, should be avoided.

Other Issues

Consumer Protections

Lumo Energy considers that the National Energy Retail Law and its subordinate instruments provide adequate consumer protections that are harmonised and consistent across those jurisdictions that have adopted it. Lumo Energy is engaged in the current consultation with the Energy Market Reform Working Group (EMWRG) in their review of the consumer protections in the National Energy Retail Rules relating to smart metering. Lumo Energy does not consider that the framework being considered by the Commission requires any further recommendations or amendments to be injected into the EMRWG review.

Third Party Energy Service Providers and Accreditation of Parties

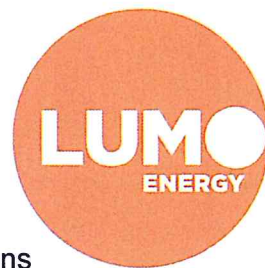
The Commission has defined an accredited party in the Draft Report as “any entity that is entitled to access the smart meter’s data and functions. This would include the customer’s retailer, associated network business, the MDP, MP and third party energy service companies.”² Lumo Energy considers that all accredited parties that have contracts with customers for access to their meter, particularly where they are retrieving that data through market systems, must be registered with AEMO. Where accredited parties are financially responsible in the NEM, to ensure that consistent obligations exist amongst energy providers and energy service providers, all these accredited parties must be a registered market participant with the same obligations.

Implementation Issues

In addition to the framework issues that are being considered as a part of this Review, Lumo Energy recommend that the Commission maintains a register of implementation issues and concerns that are being raised. This will ensure that when the framework is implemented, captured concerns are worked through and reduce implementation risks. This register should include issues such as ensuring supply to life support customers and who has the obligation to ensure that their supply is maintained in a multi-party environment.

¹ AEMC 2013, Framework for Open Access and Common Communication Standards Review, Draft Report, 19 December 2013, Sydney, page 32.

² AEMC 2013, *ibid*, page 10



Where possible, Lumo Energy also recommends that minimum specifications should be consistent across jurisdictions to allow for scalability and efficiencies to be obtained. This will benefit consumers as the more efficient a market led roll out of smart metering is, the more cost savings that can be passed through to the consumer across all jurisdictions.

Please do not hesitate to contact Stefanie Macri on 03 9976 5604 to discuss this submission further.

Yours sincerely

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a long horizontal line.

Aneta Graham

General Manager, Regulatory Affairs & Corporate Relations
Lumo Energy Australia Pty Ltd