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20 October 2015

Jack Fitcher
Chief Financial Officer
Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Submitted via email

Dear Mr Fitcher,

Re: Consultation Paper – Structure of Participant Fees in AEMO's Electricity Markets

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Australian Energy Market Operator (AEMO) on their initial consultation on the structure of participant fees in AEMO's electricity markets (the Consultation Paper).

Red and Lumo are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria and New South Wales and electricity in South Australia and Queensland to approximately 1 million customers.

Red and Lumo support AEMO making a revised methodology for a period of 3 years. We consider that the existing retail electricity market is currently undergoing significant change and the participants that AEMO may recover fees may change in the upcoming period. As such, it would be prudent for AEMO to set their methodology for 3 years.

The current fee structure based on MWh is appropriate as it recovers charges based on the consumption of our customers. Applying consistent methodology for NEM and FRC charges provides a uniform approach that is likely to become more accurate as interval data becomes available with the introduction of metering competition.

Red and Lumo propose that the fees levied for Energy Consumers Australia (ECA) should be on all connection points, not only from those deemed small. ECA funding is provided to organisations representing both small and large consumers, as such it is appropriate that the fees be shared amongst all consumers who benefit from ECA's funding.

Finally, we recommend that AEMO provide for a cost reflective approach to all existing and upcoming registrable capacities. Red and Lumo have no concerns regarding the registration fees being set annually in the budget process.

Red and Lumo thank AEMO for the opportunity to respond to the Consultation Paper. Should you have any further enquiries regarding this submission or wish to discuss our positions further, please call Stefanie Macri, Regulatory Manager, on 03 9976 5604.

Yours sincerely

Ramy Soussou
General Manager Regulatory Affairs & Stakeholder Relations
Red Energy Pty Ltd
Lumo Energy Australia Pty Ltd