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11 January 2019

Dr Ron Ben-David
Chairperson
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Submitted electronically

Dear Dr Ben-David,

Re: Draft Decision: Minimum electricity feed-in tariff to apply from 1 July 2019

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to provide feedback on the Essential Services Commission's (the Commission) Draft Decision on the minimum electricity feed in tariff that will apply from 1 July 2019.

We note that the Commission is required under the *Electricity Industry Act* to determine the minimum rate (or rates) a retailer must pay its customers, who are small scale renewable energy generators, for the electricity they export to the grid. However, given the current level of competition in Victoria, we consider that a benchmark approach to determining the value of feed in tariffs for retailers to rely upon is unnecessary. Furthermore, we consider that the Commission should only publish a single (anytime) feed in tariff benchmark amount.

Time varying feed in tariffs

In a highly competitive and unregulated market, retailers offer innovative product offerings including pricing structures that appeal to their customers. This can include time varying FITs, should customers want to take them up. Costs of establishing the innovating pricing structure, will be accounted for by retailers who have a strong level of customer demand for these innovative solutions.

It is quite unclear how the time varying feed in tariff will apply under the Victorian Default Offer. Will the Commission consider the establishment and ongoing costs to manage multiple feed in tariff structures?

We remain concerned that the Commission's set times of peak (weekdays 3pm-9pm), off peak (10pm-7am everyday) and shoulder tariffs (7am-3pm weekdays) may not accurately reflect the wholesale price of electricity at those times. Further, the Commission needs to consider the customer expectations of these time periods, particularly with off peak time (at night) where the volume of embedded generation will be minimal.

About Red and Lumo

Red and Lumo are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, South Australia, New South Wales and Queensland to over 1 million customers. Should the Commission have any enquiries regarding this submission, please call Con Noutso, Regulatory Manager on 0481 013 988.

Yours sincerely

Ramy Soussou
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