



PO Box 4136  
East Richmond VIC 3121  
T 131 806  
F 1300 661 086  
W redenergy.com.au

PO Box 632  
Collins St West VIC 8007  
T 1300 115 866  
F 1300 136 891  
W lumoenergy.com.au



28 August 2017

Dr Ron Ben David  
Chairperson  
Essential Services Commission  
Level 37, 2 Lonsdale St  
Melbourne Victoria 3000

Submitted electronically

Dear Dr Ben David,

**Re: Deemed Distribution Contract Variations: Draft Decision**

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Essential Services Commission (the Commission) on the Deemed Distribution Contract Variations Draft Decision (the draft decision).

We consider a number of the proposed amendments go over and above what is actually required to ensure the safe and efficient operation of the network.

In particular, the new clauses regarding battery storage are likely to result in poor outcomes for consumers seeking to install these devices to manage their energy use. Our experience to date suggests distributors are unlikely to be reasonable when considering the operation of these devices, not taking into account the fact that the primary purpose of residential consumers installing a battery is to increase the onsite consumption of solar generated. The mere technical capability of increased export does not mean it is likely to be the the case in practice.

We have a number of other minor or administrative concerns which we have further detailed in the attached appendix.

**About Red and Lumo**

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

Red and Lumo thank the Commission for the opportunity to respond to this draft decision. Should you have any further enquiries regarding this submission, please call Ben Barnes, Regulatory Manager on 03 9425 0530.

Yours sincerely

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

## Appendix 1 – Suggested amendments to Deemed Distribution Contracts

Clause	Original drafting	Amended drafting	Red/Lumo comments
9.1	No equivalent, but clause 3.3 of the distribution code states access must be provided: (a) to the <b>distributor's</b> equipment for any purposes associated with the <b>supply</b> , metering or billing of electricity; and	You must provide us... access to the premises... to: a) read, test, maintain, inspect or alter any metering installation at the <b>premises</b> ;	A distributor is entitled to access their own metering as noted in clause 3.3(a), however they do not have a right to alter a metering installation they do not own.
9.1 and 12	A distributor may disconnect supply to a customer's supply address if: (a) the customer has not fulfilled an obligation to comply with this Code as notified under clause 11.2.2;	When can we disconnect? (e) if you fail to give us safe and unhindered access to the premises as required by clause 9 or any requirement under the energy laws	Clause 9 requires a customer to take appropriate action to prevent 'menacing' by animals at the premises. Given failure to do this would constitute a breach of clause 9, we consider the ability for the distributor to disconnect the customer for such a highly subjective matter is not appropriate. We suggest clause 9 is amended to require the customer to provide safe an unhindered access to the premises for the purposes of accessing the distributor's equipment in accordance with the code.
6.6(d)	Clause 5.5 of the Distribution Code states a customer must: (l) comply with any reasonable requirement we make in relation to the installation of additional equipment, specifically batteries, on or in connection with the micro embedded generator that we may specify as being necessary to ensure the safe and reliable operation of our distribution system.	If you want to increase the capacity of your embedded generator at the premises or add any energy storage equipment connected to a micro embedded generator, you must apply to us for an increase in capacity so that we can assess whether or not to approve your application. We will be reasonable in our assessment of any application for an increase in capacity and we will not unreasonably withhold our approval.	The new clause appears to increase the difficulty for customers installing micro embedded generation, in particular for batteries. Our experience has shown that even with the existing clause, requesting approval for battery installations is a gamble. Networks reject batteries on the basis that they will increase the export capacity on the network, when in the vast majority of circumstances, despite the technical capability of increasing export, actually substantially reduce the export from a solar system. This is even the case when we have notified networks that the batteries are fitted with limiters that prevent export at all, or when an installation is behind an existing inverter (with an existing rated maximum capacity). We would suggest a greater responsibility on network businesses to assess the likely impacts of a battery installation on the network in determining whether approval should be granted.
12.3(c)		UE and Jemena allow only 5 business days' notice prior to disconnection, whereas all other distributors allow 6 business days.	Given the nature of electricity as an essential service, and all other distributors (and the Energy Retail Code) requiring 6 business days' notice before a customer can be disconnected, we consider UE and Jemena only allowing 5 business days to be unfair to consumers in those areas. For consistency, we consider the ESC could implore UE and Jemena to meet the practices of the other networks as a best practice consumer outcome.