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22 March 2021

Ms Jessica Robinson
Director - Pricing
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Submitted electronically

Dear Ms Robinson,

Re: Solar feed-in tariff benchmarks - Approach to setting benchmarks 2021-22 to 2023-24

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to comment on Independent Pricing and Regulatory Tribunal's (IPART's) solar feed-in tariffs benchmarks issues paper on its approach to setting the benchmark for the next three years.

Competitive markets effectively determine the value of this source of generation. As such, Red and Lumo support IPART's initial determination to retain the current approach and structure when assessing the most appropriate benchmark for solar feed-in tariff (FIT) in NSW. This approach continues to provide guidance to consumers and retailers on the appropriate FIT level.

Setting the benchmark

The terms of reference require IPART to set a benchmark range for a retailer's FIT which ensures no resulting increases in retailer prices as well as supporting a competitive retail electricity market in NSW. We support the proposed approach as it continues to be effective in meeting both of these requirements.

We support Frontier's approach to calculating wholesale costs as a reasonable methodology. However, as with any theoretical model, it remains a highly imperfect estimate of the value of solar generation and has the potential to negatively impact some retailers relative to others, depending on their other sources of generation.

Competitive markets enable individual retailers to effectively determine the value of solar as a source of generation. This ability for a retailer to reference the benchmark as set by IPART and its own other determining costs, ensures a balance in providing relevant FIT for customers without



jeopardising increases in retail prices whilst still providing a positive outcome.

We support IPART releasing a time varying FIT benchmark, to allow for consumers who wish to take up this structure to have an independent reference point. Red and Lumo supports the optionality with respect to the structure of FITs. As it is a less disruptive model and provides flexibility for retailers to respond to technological change and the evolving needs and preferences of their customers.

Supporting prospective solar customers

Red Energy was recently awarded the 2020 Canstar Blue Award for Most Satisfied Customers for Solar Providers. As a proud advocate for our customers' solar energy needs, we participated in the development of the New Energy Technology Consumer Code. This Code, as authorised by the ACCC, sets a minimum standards of good practice and consumer protection that will be provided by signatories covering all aspects of the customer experience, including those ranging from initial marketing and promotion through to, as appropriate, the offering, quoting, contracts, finance and payments, installation, operation, customer service, warranties and complaints handling processes. This will allow consumers to make an informed decision on the uptake of solar, batteries, and their associated costs.

Finally, we note that industry is actively engaged in the development of the Consumer Data Right. This will provide a mechanism for consumers to get easier access to their consumption data and be able to make informed decisions.

About Red and Lumo

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

Red and Lumo thank IPART for the opportunity to respond to its issues paper. Should you wish to discuss aspects or have any further enquiries regarding this submission, please call Christophe Bechia, Regulatory Manager on [REDACTED]

Yours sincerely

[REDACTED]

Ramy Soussou

General Manager Regulatory Affairs & Stakeholder Relations

Red Energy Pty Ltd

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