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13 August 2018

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted online: classificationguideline2018@aer.gov.au

Dear Mr Pattas,

Re: Electricity distribution service classification guideline - Draft

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to make a submission to the Draft Distribution Service Classification Guideline (Guideline) as published by the Australian Energy Regulator (AER).

The AER developed the Guideline following extensive consultation with its key stakeholders. The Guideline aims to provide clarity, transparency and certainty for distribution network service providers (DNSPs) in relation to the classification of distribution services. In addition, it seeks to facilitate competition in energy related services.

Red and Lumo support the Guideline. More specifically, we support:

- The bottom up approach to distribution service classification adopted in the Guideline. This approach will make the process applied by the AER for classifying distribution services more efficient during the Framework and Approach and the Determination processes.
- Aligning the harmonisation of distribution service names and descriptions across jurisdictions where it is feasible. Whilst the harmonisation of distribution services and names could be difficult due to differences in jurisdictional requirements, it should not prevent the AER from seeking greater harmonisation where it is possible.
- The identification of baseline distribution services that have been included in the Guideline. This will allow the AER to concentrate on changes that could affect the classification of a service offered by a DNSP during the Framework and Approach and the Determination process, rather than focusing on the baseline services which have not changed.
- The AER's approach to the classification of distribution services in the Guideline. As part of the Guideline, the AER steps through a process where it outlines how it would apply the service classification factors to classify a service in practice.

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 AER have any enquiries regarding this submission, please call Con Noutso, Regulatory Manager on 0481 013 988.

Yours sincerely

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