

25 July 2013

Mr Con Carellas
Manager Market Analysis
Review of the Solar Feed-in Tariff Premium – Issues Paper
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Submitted electronically to escosa@escosa.sa.gov.au

Dear Mr Carellas,

Re: Review of the Solar Feed-in Tariff Premium – Issues Paper

Lumo Energy is grateful for the opportunity to make a submission to the Essential Services Commission of South Australia (the Commission) in relation to their Issues Paper regarding the Review of the Solar Feed-in Tariff Premium (FiT Premium) (Issues Paper).

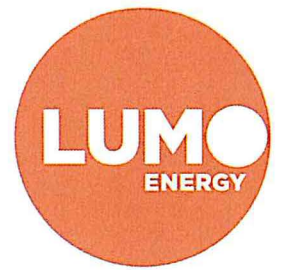
Lumo Energy is one of the largest second tier energy retailers in the National Electricity Market. As such, it has a keen interest in the outcomes of the decision made by the Commission and the extent it provides for a fair and reasonable rate for consumers that generate electricity.

Deregulation of FiT Premium

Deregulated markets enable the most appropriate and economic price to be set for electricity including that produced by photovoltaic (PV) units. Lumo Energy strongly supports deregulation as it allows retailers to provide choice in products and competitive pricing which is in the long term interests of consumers. For these reasons, Lumo Energy recommends that the Commission also deregulates the FiT Premium.

Lumo Energy supports a fair and reasonable FiT Premium being applied to generation that reflects the economic value of the electricity exports. If the Commission sets a minimum FiT Premium too high, it will have detrimental effects on retailers, as the exported electricity could be priced higher than the wholesale cost. This will increase the costs for retailers, and is inconsistent with promoting competition and receiving the associated benefits. Conversely, if the FiT Premium is set too low, retailers may compete to offer customers a FiT Premium that is reflective of the market value of the electricity generated.

Lumo Energy Australia Pty Ltd. PO Box 632, Collins St West VIC 8007
P 1300 11 58 66 www.lumoenergy.com.au



FiT Premiums in the Future

Lumo Energy considers that a regulated FiT Premium will be limiting to innovation over time. As technologies change, a flat FiT Premium could be changed to a time based FiT, and therefore, retailers could provide a FiT Premium to its customers that is weighted to the value of the wholesale energy market price.

Please do not hesitate to contact me on 03 8680 6439 or Stefanie Macri on 03 8683 2427 to discuss this submission further.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized capital letter 'A' followed by a long horizontal line extending to the right.

Aneta Graham
General Manager, Regulatory Affairs & Corporate Relations
Lumo Energy Australia Pty Ltd