



13 December 2013

NERL Review: Issues Paper
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Submitted via email: escosa@escosa.sa.gov.au

Dear Sir/Madam,

RE: Issues paper: NERL Review

Red Energy welcomes the opportunity to provide comment on ESCOSA's *NERL Review- "Methodology for review" Issues Paper* (the Issues Paper).

Red Energy is a 100% Australian owned and operated subsidiary of Snowy Hydro Ltd. Red Energy currently retails electricity in South Australia and is one of the largest second tier retailers in the NEM also retailing energy in Victoria and New South Wales.

Red Energy generally supports the views noted in the submission of the Energy Retailers Association of Australia (ERAA). In particular, we have concerns surrounding the analysis to be undertaken of impacts of the introduction of the NERL when compared with other external impacts outside of the NERL. In addition we have concerns regarding the overall cost- benefit of the price monitoring detailed in Part Three of the Issues Paper.

In further reviewing the Issues Paper, Red Energy believe a number of the "key performance indicators" intended to be analysed by the Commission are inappropriate. Indicators such as the number of customers in retailer hardship programs under the NERL compared with numbers under the old regime do not necessarily provide an indication that the consumer protections under the NECF are failing, but rather that they are succeeding.

Red Energy also feels that the Commission's requirement that there would be hard evidence provided by retailers to prove the increased efficiencies of the NERL at this stage seem short sighted. Given that a number of states have not yet signed on to the NECF, it is understandable that the full benefits of the nationalised schemes will not yet be realised. If the Commission sees system efficiencies to be an imperative indicator of NERL success, then we believe a more reasonable approach would be to rely on retailer submissions detailing the future benefits in development across the entire NEM and utilise that information as a comparison in a separate future review.

If you have any further comments or queries in relation to this submission please don't hesitate to contact me directly on 03 9425 0496, or Ben Barnes on 03 9425 0530.

Yours sincerely

A handwritten signature in black ink, appearing to be 'SG' with a stylized flourish extending to the right.

Stephen Grant
Manager-Quality and Compliance
Red Energy Pty Ltd