

30 APR 2012

DATE RECEIVED

Call 1300 11 5866  
lumoenergy.com.au

Whatever makes you shine.

13 April 2012

Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001  
Telephone: (07) 3222 0555  
Fax: (07) 3222 0599  
Email: [electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Sir/Madam,

**RE: Draft Determination Regulated Retail Electricity Prices 2012-13**

Lumo Energy, (Lumo), would like to thank the Queensland Competition Authority, (QCA), for the opportunity to provide feedback on the QCA's Draft Determination for Regulated Retail Electricity Prices 2012-13. Our comments follow on from our initial recommendations discussed in our submission dated 13 December 2011. Furthermore Lumo is supportive of the submission of the Energy Retailers Association Australia, (ERAA) of which Lumo is a member.

Again we would assert the view that the long term pricing interests of consumers is best served via the removal of retail price regulation. This ensures market forces set cost reflective pricing and drives innovation and competition.

As a second tier retailer our ability to have cost reflective prices is fundamental to our ability to offer competitive pricing to consumers in the Queensland market. In our view the QCA's methodology for determining the allowance for Retail Operating Costs (ROC), and Customer Acquisition and Retention Costs (CARC), is set too low and not cost reflective of all industry participants. Full consideration has not been applied to existing wholesale arrangements, placing at risk customer contracts where price was based on prior determinations. The review also has not considered the credit requirements of the model retailer or the costs of providing prudential support to AEMO, the network operators and to hedge counterparties.

As stated in our previous submission dated 13 December 2011, the QCA's paper states that the Authority must, as much as possible, give regard for the objectives as set out in the Direction and the Electricity Act.<sup>1</sup> Lumo Energy believes that the determination of the representative retailer as an 'efficient' retailer doesn't meet the required objective of the Direction.

Lumo is firmly of the view that the draft determination and methodology effectively will stymie competition and is ultimately detrimental to Queensland consumers.

---

<sup>1</sup> In addition, and consistent with section 90(5) of the Electricity Act, the Authority is required to have regard to (a) the actual costs of supplying electricity and (b) the effect of the determination on competition in the Queensland retail electricity market, consistent with the Government's policy objective that consumers, wherever possible, have the opportunity to benefit from competition and efficiency in the marketplace.

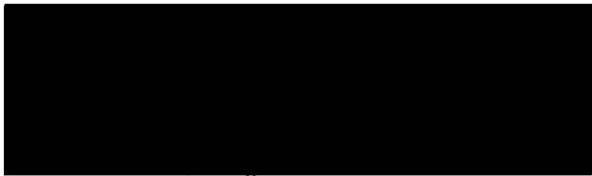


**Whatever makes you shine.**

Call 1300 11 5866  
[lumoenery.com.au](http://lumoenery.com.au)

Lumo Energy would welcome the opportunity to discuss in confidence the ROC and the CARC directly with the Queensland Competition Authority. Please contact Aneta Graham, General Manager Regulatory Affairs and Corporate Relations on 03 8680 6439 to discuss.

Yours sincerely,



Dean Carroll  
Chief Executive Officer