



25 July 2013

Mr Jeff Cefai
Director, Energy
Essential Services Commission
Level 37, Casseldon Place
2 Lonsdale Street
Melbourne VIC 3000

Submitted electronically to fitreview@esc.vic.gov.au

Dear Mr Cefai,

Re: Minimum Electricity Feed-in Tariff for 2014

Lumo Energy welcomes the opportunity to make a submission to the Essential Services Commission (Commission) in relation to the Draft Decision Minimum Electricity Feed-in Tariffs (FiT) for 2014.

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.

Draft Decision

The Commission's Draft Decision for the 'wholesale plus price' methodology determined the estimated value of 7.6c/kWh as the appropriate value of embedded generation. Lumo Energy supports the rate of 7.6c/kWh.

The Draft Decision points to the Commission determining a fair and reasonable rate that reflects the economic value of the electricity exports. The Commission also notes in the Draft Decision that one objective of the FiT rate, is that it does not cross subsidize customers who generate electricity with those do not. For that reason, Lumo Energy queries why the Commission would retain the prevailing FiT rate of 8.0c/kWh which does not reflect the economic value and promotes cross-subsidies. Lumo Energy does not support the Commissions decision of the minimum FiT rate remaining at 8.0c/kWh.

Future FiT Arrangements

Lumo Energy notes that the Commission will review the 2015 FiT arrangements in the guise of the introduction of flexible pricing. The flat FiT should be changed to a time based FiT if it is intended to cover other technologies rather than just solar, given the varying times of output and therefore the FiT can be weighted to the value of the wholesale energy market price.



Future reviews by the Commission regarding FiT arrangements for 2015 and beyond should also review the move to a market-determined FiT, as noted in the Draft Decision. This is a matter that the Essential Services Commission of South Australia's (ESCOSA) is currently reviewing.

Lumo Energy supports a market-determined price of FiT, allowing market value of embedded generation and scope for retailer product innovation for solar customers.

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 stylized, cursive 'A' followed by a long horizontal line extending to the right.

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