



Whatever makes you shine.

AUST. COMPETITION & CONSUMER COMMISSION
MELBOURNE
28 FEB 2011

Call 1300 11 5866
lumoenergy.com.au

24 February 2011

Mr Neil Howes
Adjudication Branch
ACCC
GPO Box 520
Melbourne Vic 3001

FILE No:
DOC:
MARS/PRISM: /

Dear Mr Howes,

Re: A91258 & A91259

Lumo Energy is a successful second tier retailer in the energy market, with operations and clients across Victoria, South Australia, Queensland and New South Wales. Having grown our business from the ground up over the past 7 years, we are very aware of the benefits to consumers of active retail competition in the energy market, as well as some of the pitfalls of direct selling. We were among the companies that championed a voluntary industry scheme to set and uphold standards for door to door selling of electricity and gas.

We have been puzzled by objections to the scheme to date by those who have previously raised concerns about the conduct of door to door sales people. We take concerns about door to door selling very seriously and believe that there are credible reasons to for the industry to take a very concerted approach in upholding standards of recruitment, training and supervision of door to door sales people. There is no question that public confidence requires that standards be upheld, and be seen to be upheld. Energy consumers in all jurisdictions are well protected by an extensive system of regulation of market conduct. All the companies I am familiar with take those codes and regulations very seriously. Where a consumer feels that a company has not dealt with a complaint effectively, there are well resourced ombudsman schemes empowered to assist in all states. We work closely with each of those schemes and, like other companies, take measures to prevent sales people that display unacceptable conduct from joining or remaining with our company.

The industry scheme proposed by Energy Assured Limited seeks to add further preventative and response mechanisms by setting standards and practices across the industry, and ensuring that they can be monitored across the whole industry. Lumo Energy already adopts most of the practices set out in the voluntary code, and has done so for several years. However, there is no question that compliance will improve across the industry if those practices become standardised and there is more information available to the whole industry about the preparedness and previous conduct of sales people. We consider this to be a very material public benefit, and would expect that few would dispute that this is the case.

There appear to be no elements of the scheme that would detract from public benefit. The scheme is voluntary and, in our experience, the requirements of the scheme should be readily met by any party with a genuine commitment to professionalism and compliant behaviour. None of the sales contractors we work with have expressed opposition to the introduction of the scheme. There is no credible risk of barriers to entry or diminution of competition.

We are of course aware that there are some organisations and individuals who adopt the immoderate view that there should be blanket ban on direct selling of energy products (or any other product). This is a cause that those parties are free to pursue on its own merits. However, that argument does overlook the fact that many hundreds of thousands of Australians have been made aware of alternative offers by way of door to door sales people, have made an informed decision to switch in a compliant environment and have enjoyed a better product or price as a result. At a time when there is public concern about the cost of living and in particular the cost of energy, it would be curious to seek to eliminate or diminish active retail competition. In any case, the argument for bans on door to door selling is not an authorisation currently before the ACCC, although were it to be brought before the ACCC, we would hope that the Commission would take serious account of the impact on competition in energy markets. The ACCC is being asked to consider whether the EAL scheme provides a net public benefit. The counter factual to the EAL scheme is the current situation. Lumo Energy is very confident that this scheme will be of material benefit to consumers.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Draper', written over a faint circular stamp.

Simon Draper
Managing Director