



AGL Energy Limited
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065
t: 02 9921 2999
f: 02 9921 2552
agl.com.au

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Submitted by email to: energy.submissions@industry.nsw.gov.au

AGL Energy Limited (AGL) welcomes the opportunity to provide feedback to the NSW Government regarding the new Energy Bill Relief Package announced on 3 September 2017 and given effect via amendments to the *NSW Social Program for Energy Code (Social Code)*.

AGL is Australia's largest integrated Energy Company, operating across the supply chain with investments in coal-fired, gas-fired, and renewable electricity generation and is a significant retailer of energy, providing energy solutions to over 3.7 million customer accounts in the NEM. AGL is Australia's largest ASX listed owner, operator and developer of renewable generation.

AGL recognises that an increasing proportion of the community face financial difficulty in paying their bills. Furthermore, we acknowledge that electricity supply is an essential service and fundamental to maintaining a basic quality of life. We are aligned with the NSW Government's objective of enabling customers who are experiencing financial difficulties to stay connected to essential energy services while simultaneously supporting them to meet their financial obligations.

AGL has extensive experience in supporting customers with financial difficulty in paying their bills, being at the forefront of the industry by developing one of the first hardship programs back in 2006. As part of seeking to continuously improve our practices, not only do we continually engage with the community sector to shape our business practices, we also more recently conducted extensive consultation and research. Through this consultation, we listened to community and consumer groups on the next wave of innovative practices in assisting customers to stay connected.

Key outtakes from this work are:

- the need to develop effective solutions for those experiencing long-term energy hardship, requires a shared-responsibility approach across industry, government and the community sector; and
- addressing the root cause of the financial stress and high underlying consumption has to be part of the solution.

As a result, and to supplement AGL's Staying Connected program, we are investing an additional \$6.5 million in an Affordability Initiative that targets debt relief, payment matching, funding of financial counsellors, along with partnerships to deliver solar PV to customers participating in its hardship program. It is this integrated approach and strengthening of the support net across the industry and community sector which we believe will be the most effective support.

For example, AGL and the NSW Government in early November 2016 announced a landmark partnership to jointly invest \$1 million in a program to deliver solar energy and help reduce energy costs. The pilot program will see around 250 households with payment difficulties have solar panels, a digital meter and a Solar Command energy monitoring system installed. Tenants will also receive a home energy visit by Kildonan UnitingCare to connect them with other social support services, and provide information on how to maximise the benefits of their new solar package.



Earlier this year AGL also launched the "A Fairer Way" package to complement the Staying Connected program and Affordability Initiative. Under this package, we introduced tailored products for AGL's most vulnerable customers. Features of these products include:

- the abolishment of late fees, paper bill fees and over the counter payment fees for concession card and hardship program customers (this was previously introduced by AGL and was continued by the "A Fairer Way" package);
- proactively migrating certain hardship program customers to guaranteed discounts;
- pro-actively approaching concession card customers who remain on a standing offer offering to assist them to move onto a contract that better suits their needs.

As such, AGL supports the intent of the Social Code changes. In fact, AGL moved swiftly to update our systems with the higher rebate levels. We implemented the changes within a week of the announcement. We felt it important that eligible customers received the higher rebate as soon as possible.

AGL also supports the intent of the other changes proposed to the Social Code and the Appendix focusses on solutions that will improve the outcomes for consumers by either:

- aligning some of the proposed Social Code changes to the commitments made by the Prime Minister and CEOs/MDs from energy retailers; or
- outlining approaches that will provide for better outcomes for consumers and also minimise the implementation time and costs for retailers to make the necessary system and process changes to satisfy the new Social Code obligations.

If you have any questions I would like to discuss AGL's comments further please contact, Con Hristodoulidis, Senior Manager Regulatory Strategy, on telephone (03) 8633 6646 or email christodoulidis@agl.com.au

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Elizabeth Molyneux'.

Elizabeth Molyneux

Head of Energy Markets Regulations



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APPENDIX

Summary of change	Reason for change	AGL Feedback
<p>New rule that each retailer provides to the Department data for each rebate and EAPA customer. The data includes postcode, energy usage and bill amount.</p>	<p>The need for better and more timely data on rebate customers has been highlighted by recent work to evaluate the effectiveness of these programs in assisting target customers. Retailers have the primary relationship with energy customers and hold much of the relevant data.</p> <p>The proposed new rule will ensure the Department can base advice to the Minister on more reliable and comprehensive data than has been available to date.</p> <p>The new rule will also assist in assessing compliance with the new Part E.</p>	<p>AGL supports the intent of the new rule to allow the NSW Government to make more informed decisions on concession payments.</p> <p>AGL understands how consumption data by postcode for each rebate and EAPA customer could improve the quality of information and allow for more informed decision making. However, AGL is not sure how the provision of the national metering identifier or delivery point identifier (as the case may be) for the customer's premises will achieve the intent of the new Rule.</p> <p>AGL believes the data should be collated on an annual basis rather than six-month basis. We believe annual collection will reduce retailer compliance costs to meet the obligation and will not detract from the quality of information gathered by the NSW Government. This means that NSW energy consumers will receive the benefit of better data provision while keeping overall industry costs lower.</p> <p>In regard to EAPA, retailers did previously provide the Department customer's account balances before and after the EAPA vouchers were applied, and this was provided on a weekly basis. The Department then advised they were changing the process as of 1 July and advised this information was no longer necessary. As a result, AGL decommissioned this report and built a new system transaction to be able to meet our new requirements. As the Department is advising they would like this</p>



		<p>information again, AGL will need to deliver system changes. Given the changes to the approach in very short period of time, AGL believes that the Department should reimburse retailers for costs incurred to re-build and implement this process.</p> <p>Further, in terms of data request for EAPA, it is AGL's preference the Department include two new columns in the files they send retailers to capture customer's account balances before and after the EAPA vouchers. When retailers apply the EAPA vouchers, they can extract the balance before and after and include the information in the data file. The Department can then collate these daily files to perform required analysis on any time basis as required for informed policy making.</p> <p>Finally, AGL anticipates these new requirements would take at least 6 months to implement. This is based on existing changes the industry is undergoing, including Power of Choice implementation and meeting Prime Minister commitments to communicate to all Standing Offer customers by the end of 2017 and build systems and processes for the new National Energy Retail Rule on end of benefit notification.</p>
<p>New rule about commencing payments of the new rates from 1 July 2017 or the date the customer applies for a rebate, whichever is later.</p>	<p>This clarifies that customers receiving rebates on 1 July 2017 will have adjustments calculated from that date. Customers who applied for a rebate between 1 July 2017 and 3 September 2017 will have the rebates paid at the higher rate but calculated from the date of application only.</p>	<p>AGL supports the new Rule and has already implemented the new rebates into the system and paid the higher rate to eligible customers from 9 September 2017.</p> <p>AGL has not provided any back payments as yet to new customers who have received the old rebate as we are waiting confirmation on the approach we need to apply to these credits for customers who have transferred post July 2017. See below for further information, however, it is AGL's preference to provide the top up rebate to eligible new customers (rather than eligible customers that have transferred out) as this would be the least cost approach and also provide for the best customer experience.</p>



<p>New rules about requirements for retailers to process the new rebate rates. For example, the retailer needs to ensure the adjustments are applied to eligible rebate customers back to the date of application, or 1 July 2017 (whichever date is earliest). Also, that the adjustments are done and paid to eligible rebate customer's accounts by 22 December 2017.</p>	<p>This will ensure that all customers eligible for rebates will receive the full amount.</p>	<p>AGL supports the intent that all customers eligible for rebates will receive the full amount backdated back to the date of application, or 1 July 2017 (whichever date is earliest).</p> <p>However, AGL believes the proposed approach that retailers backdate the rebate increases retrospectively where a customer has transferred to another retailer between 1 July 2017 and 31 October is not the most effective way to ensure all eligible customers receive the increased benefit. Further, the proposed benefit will impose implementation costs that are not commensurate with the value of the increased benefit.</p> <p>AGL believes requiring retailers to identify any eligible rebate customer that was previously a customer of the retailer during the current financial year and provide that customer with the shortfall in the rebate amount, is likely to result in many customers not receiving the increase in benefit. This is due to the losing retailer not necessarily having the correct contact details of the customer (for example, a customer may have moved homes post the transfer or during the transfer and the losing retailer may not necessarily have the new contact details).</p> <p>Further, it is likely to result in retailers providing for small cash refunds. For example, AGL estimates that some customers will be eligible for cash refunds as low as \$0.05. Tracking down these customers and providing such a small cash refund is likely to lead to a very poor customer experience.</p> <p>AGL's preferred approach is that retailers be required to pay the increased rebate for the period 1 July to 31 October 2017 to existing eligible customers as a rebate on the next bill the eligible customer receives from their current retailer after 31 October 2017.</p> <p>AGL believes that under this approach all customers eligible for rebates will receive the full amount and avoid customers receiving rebates they</p>
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		<p>are not entitled to. Retailers should be able to extract data based on customers who have been invoiced with concession up to the date of the changed rates and calculate the difference between what they received under the old rates and what they would have been entitled to under the new rates. As a second step, retailers should be able to include a new subset of data for concession customers who transferred to them after 1 July 2017 and validate if they were eligible from 1 July 2017 and apply a manual credit to the next bill.</p> <p>The key to this option is that all eligible customers receive the increased value of the rebate without having to undertake any actions, therefore providing for the best possible customer experience. Importantly, it will also keep retailer implementation costs as low as possible as retailers can pass through the rebate through normal billing processes rather than separate mailing programs.</p> <p>AGL is also seeking confirmation that retailers will be able to claim recovery of the administration fee for processing other concession rebates (eg, standard, life support and medical emergency). AGL believes this is consistent with the processing of back payment for Family Energy Rebate (FER), which retailers claimed and were reimbursed for an additional administrative fee associated with backdating FER rebates.</p>
<p>New rules requiring retailers to report monthly on information about customers who receive NSW rebates and about actions to</p>	<p>The government requires better data to target rebates effectively and measure performance of the program.</p>	<p>See AGL's comments below regarding the NSW Government aligning the purpose of the New Part E with the Prime Minister and energy retailer CEOs/MDs commitments.</p> <p>Once this work is finalised, the NSW Government can work with industry and consumer groups to determine what performance data can be captured to measure the effectiveness of the initiatives.</p>



<p>assist customers under the new Part E</p>	<p>This will assist in assessing compliance with the new Part E requirements.</p>	
<p>New part to require retailers to assist customers who receive a rebate and are on a standard retail contract to identify the most appropriate market offer for their needs on a six monthly basis.</p>	<p>This reflects the NSW Cabinet decision.</p>	<p>AGL supports the intent of the new Rule.</p> <p>AGL has already proactively approached concession card customers who remain on a standing offer under the “A Fairer Way” package (announced in May 2017) and offered to assist them to move onto a contract that better suits their needs.</p> <p>AGL suggests that the NSW Government should align this new Rule with the commitments reached by the Prime Minister and energy retailer CEOs/MDs. Specifically, retailers have agreed to write to all Standing Offer customers by the end of 2017 reminding them they are on a Standing Offer and informing them that alternative offers are available.</p> <p>Further, retailers and the Federal Government are working on a proposal to develop more tailored information to customers who remain on Standing Offers in dollar terms based on past consumption, with a view to communication this information to customers in 2018.</p> <p>Under the Prime Minister commitments, the Australian Energy Regulator is currently reviewing the Price Information Factsheets and looking at developing an industry wide price comparator. The purpose of this work is to prompt consumers to investigate the energy market, help them compare plans and providers and choose the best deal for them.</p> <p>AGL suggests the NSW Government align the Social Code to ensure consistency in application in the provision of information to customers so that they can make informed decisions on the best available offer based on their personal circumstances.</p>