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Via email: AERresets2024-29@aer.gov.au

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Ausgrid 2024 – 29 Regulatory determination, consultation on the draft decision and revised proposal

AGL welcomes this opportunity to provide comments on the AER's Ausgrid 2024 – 29 draft regulatory determination and the revised proposal.

AGL operates nationally across the energy supply chain and delivers 4.3 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. We also operate Australia's largest electricity generation portfolio, with a generation capacity of over 11,000 MW, accounting for approximately 20% of the total generation in the National Electricity Market.

In response to the draft determination, we disagree with the AER's assessment of the appropriateness of the coupling of the disconnection and reconnection fees for the Ausgrid distribution zone.

The coupling of the disconnection and reconnection fees is a legacy arrangement that has been in place since the distributor performed retail functions. Whilst we note the AER considers the retailer will receive the service benefits on balance, we do not consider this is a reasonable basis to approve a fee structure that no longer reflects retail operations, the necessary transparency of fees for a regulated service and any provision of fees to a consumer. Ultimately customers should not be indirectly exposed to regulated fees for services that they may or may not incur. The coupled fee creates an unnecessary complication in determining customer costs which ultimately presents challenges in ensuring customers pay no more than is necessary for a service they receive. This is particularly important given the fee for these services in Ausgrid is considerably higher than other distribution zones.

We propose the AER should consider the following factors, set out below, that demonstrate why the coupled fee for disconnection and reconnection is no longer necessary.

- The coupled fee is incurred at disconnection, however there are two separate service orders to Ausgrid for disconnection and reconnection. With the separate service orders there is no clear barrier for AusGrid as to why the fees cannot be separate as well. We note other regulated networks have progressively separated these service fees through recent regulatory resets.
- When a customer moves out, the retailer may disconnect to avoid unauthorised consumption. It is evident the retailer should pay for this disconnection service, however there is no reason why the disconnecting retailer should also pay for the reconnection of the premises unless it is same retailer reconnecting, particularly given the service orders are raised separately with Ausgrid. Having separate move in and move out fees will enable the retailer to manage costs of these services in a transparent and consistent manner within the network. To simply rely on the retailers cost burden of disconnecting to balance out with the expected reconnections is unnecessary given the fee can easily be decoupled and the relevant fee assigned to each service order.



- Whilst we note the AER considers smart meters will lead to an increasing prevalence of remote disconnections there remains a significant and material number of accumulation meters in the distribution zone, which will not be replaced for over five years (beyond the upcoming Determination Period). Furthermore, given the substantial complicated jurisdictional regulatory processes imposed on Remote Services being undertaken in NSW, the option to physically disconnect will remain an important option for some retailers to de-energise premises as necessary.

If you have any questions in relation to this submission, please contact me at [REDACTED]
[REDACTED]

Yours sincerely,

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