



17 December 2010

Mr Tom Leuner
General Manager
Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Mr Leuner

AER Consultation - Draft Retailer Authorisation Guideline

AGL supports, in principle, the revised draft *Retailer authorisation guideline* (the **Guideline**) published by the Australian Energy Regulator (**AER**) in November 2010. It is pleasing to note that a number of the comments made by AGL in response to the previous draft guideline have been taken into consideration by the AER. Our response to the current draft is therefore brief.

AGL considers that the authorisation process should be sufficiently rigorous to ensure the continued integrity of the Australian energy market. As such, we support the AER's general approach in the Guideline. While the process should be robust (with the onus on the applicant to provide sufficient information to enable an assessment against the entry criteria set out under the Retail Law), the AER should retain an element of flexibility in the process. This may be particularly relevant, for example, where a retailer with an authorisation for electricity makes an application for gas, or where the related entity of an authorised retailer submits an application.

With respect to compliance obligations, AGL supports the AER's view that it would not be appropriate to require a business to incur the cost of having a compliance system in place prior to an application being made. We do, however, see merit in the AER making it a condition to the actual issue of an authorisation, that compliance systems are implemented.

On the question of compliance history, AGL considers the requirements of the current guideline to be sufficient and submits that there should be no expansion of the information requirements. If the AER has further questions regarding compliance history based on the information provided by the applicant, then perhaps it could discuss its concerns with the relevant jurisdictional regulator.

Should you wish to discuss this submission further, please contact Anna Stewart, Manager Regulatory Policy and Strategy, on (03) 8633 6830 or astewart@agl.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alex Cruickshank'.

Alex Cruickshank
Head of Energy Regulation

- > Being Australia's largest private owner and operator of renewable energy assets
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series