Moving from disruption to transformation.

- This industry is changing, driven by multiple disruptive forces
- Disruption to date, has largely been good for consumers
- Transforming without adverse consumer impacts should be a priority
- Transform to support competition, innovation and Australian leadership
- Regulatory settings need to be agreed early, including:
  1. Appropriate technology standards
  2. Competitive neutrality
  3. Ring fencing of monopoly businesses
  4. Cost reflective network tariffs
- By not managing the transition well, we risk losing the opportunity to transform the industry in a way that brings consumers with us
Change driven by positive disruption.
Disruption from three directions has largely been good for consumers.

Today’s Centralised Energy Model

- Grid
- Demand
- Passive Customers

Future Ubiquitous Energy Model

- Grid
- Demand

Technology
- Solar
- Energy Storage
- Control Systems

Reg. & Policy
- Tariff structures
- Power of Choice
- Incentives
- Carbon Reduction

Competition
- New business models
- Start-ups

- Energy Storage
- Distributed Generation
- Control Systems
- Digital Meters

Engaged Customers

> Customer driven transformation
> AGL New Energy
> 14 December 2015
Global electricity price changes.

Electricity prices have increased in Australia more than other countries.
Electricity costs.
Cost of living concerns are focused on electricity prices.
New Energy business group role.
Playing key role in the transformation to a customer-driven energy market.

AGL Energy Market & Group Operations
Centralised gas and electricity supply to the meter

AGL New Energy
Distributed energy supply and energy services

> Customer driven transformation
> AGL New Energy
> 14 December 2015
New Energy products.
Focusing on comfort, convenience and control for our customers.

Create 1 million smart connections across homes and businesses by 2020

Become preeminent customer choice for Competitive and Connected energy products and services that provide Convenience, Comfort and Control

- Large Commercial Distributed Heat & Power
- Small Commercial Distributed Heat & Power
- Commercial Service & Repair
- Transport LNG & CNG
- Embedded Networks
- Demand Response
- Digital Metering
- Distributed Generation
- Energy Storage
- Electric Vehicle Services
- Home Energy Management
- Emerging Technologies

> Customer driven transformation
> AGL New Energy
> 14 December 2015
### Regulatory settings required early.
Policies that advocate the consumer and avoid bad disruption.

#### 1. Appropriate Technology Standards
- **Standards which promote:**
  1. customer choice
  2. enhance safety
  3. do not limit investment
  4. minimise overheads
- **Standards should remain agnostic of current and future regulation.**
- **Where possible based on international standards.**

#### 2. Competitive Neutrality
Different providers of products and services, in markets, must compete openly on their merits. In particular:
- There can not be implicit or explicit advantages over each other.
- There cannot be different regulations for new entrants vs. incumbents.
- There must be sensible customer protection requirements applied to all parties equally.

#### 3. Ring Fencing Monopoly Businesses
Monopoly businesses should not be allowed to use their regulated funds in contestable markets.
- Ring fencing should incorporate legal and financial structures.
- Data and information should not be used for competitive advantage.
- Resources should not be shared.

#### 4. Cost reflective Network tariffs
Cost reflective Network tariffs are required to:
- Ensure that all customers contribute fairly to the shared costs of networks.
- Provide price signals to increase economic welfare, i.e. efficient usage of current infrastructure and avoiding additional network capex.
- Inform customers so they can make efficient investment decisions on new technologies.