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Australian Energy Regulator

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19 February 2018

Submitted: marketperformance@aer.gov.au

Draft Performance Reporting Guidelines Amendments

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Regulator (AER) proposed amendments to the Performance Reporting Guidelines.

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable generation. AGL is also a significant retailer of energy, providing energy solutions to over 3.6 million customers accounts throughout eastern Australia. AGL is a customer-focussed business and we endeavour to provide customers with products and services that best meet their diverse wants and needs.

AGL supports the review of the AER Performance Reporting Procedures and Guidelines due to the significant amount of change in the industry since 2012, particularly with the introduction of smart meter contestability in December 2017 and the recent Prime Minister commitments. AGL are generally supportive of the AER proposal, our key comments regarding the proposed amendments Guidelines relate to

- misalignment on retailer reporting requirements (such as the AER and Essential Services Commission Compliance reports) will impose significant administrative burden on retailers
- the lead time provided to retailers to develop and build systems to facilitate additional data requirements must be sufficient, and
- comments on specific amendments.

The administrative burdens and costs associated to building systems to produce and sustain the numerous reporting requests from regulators are not insubstantial and we encourage regulators to align these data requests as much as possible and ensure they are resulting in a public benefit.

Should you have any questions or comments, please contact Kathryn Burela on (03) 9273 8654 or kburela@agl.com.au.

Yours sincerely

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

Elizabeth Molyneux

General Manager Energy Market Regulation



Timing and costs

While AGL support the review of the AER Performance Reporting Guidelines, it is unclear how the cost of additional reporting is balanced by benefits to consumers for some of the requested data. A number of these reporting requirements are not in response to the Prime Minister’s Commitments and some will require complex reporting solutions to deliver. The complexity of the reports will add to both the timing and cost delivery for the information requested. We consider that most of the amendments can be incorporated into our systems within three months of the finalised amendments to the Performance Reporting Guideline, but some indicators are either unclear or technically complex and will likely require a longer period to develop solutions for. We recommend a staged or later implementation date. AGL would welcome an opportunity to work through the specific measures with the AER to explain the complexity and develop a solution that delivers the requested information without undue time pressure on retailers to produce the report. It is AGL’s view that it is important to invest the time at the front end to develop robust systems and processes so that retailers can ensure the data is accurate.

Currently the AER Performance Reporting due date for Quarter 2 is out of step with other regulatory reporting requirements (including the AER Compliance and ESC Compliance and Performance reports). We note the Performance Reporting amendments would also shift Quarter 1 to July 31, which will create further administrative burden for retailers. As we have submitted to the AER previously, the timing of reporting requirements has an integral impact on business operations due both to the time it takes to compile, and the necessary sign-offs required internally. The time and resource cost of additional reports per year requiring CEO sign off is not just limited to seeking sign off from the CEO. Before seeking the CEO’s sign off, approval of the reports is obtained from the relevant business unit managers as well as the head of retail. Aligning the dates is also in the customers’ interests in that it delivers performance data in the most cost-effective manner. Therefore, customers obtain the benefits of the data to compare performance and make purchase decisions as well as ensuring regulatory costs and energy costs do not increase unnecessarily.

We therefore encourage the AER to continue to have aligned reporting dates with other regulatory reporting requirements imposed on retailers.

Specific amendments

| Section | Subject | Note |
|----------|---|--|
| 2.3 | Standard contracts data (large customers) | It is unclear why this indicator has been extended to include large customers. The Rules focus on small customers and retailers should be provided more information about the purpose of this change. |
| 2.5 | Number of unknown or deemed customers | Require greater clarity on this amendment and what it is intended to show. Retailers are able to disconnect a site for non-identification under Rule 115 so any figures provided may not provide the intended results. |
| 3.8-3.12 | Smart meter complaints data | Greater clarity required on the purpose of splitting smart meter complaints data into distinct categories. Retailer systems were built around Power of Choice requirements and this type of expansion is costly for retailers. |



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| | | 3.11 - Smart meter privacy data - It is unclear the purpose of AER collecting this data and how this function will overlap with the Office of the Australian Information Commissioner (OIAC). |
| 3.20 | Pay on time discounts | <p>Further clarification required on this change. This will be problematic for retailers to extract information due to the various reasons pay-on-time discounts and honoured by retailer practices and how this data will be stored.</p> <p>The system implications are substantial, and we recommend the AER discuss the intent of this measure further with retailers. There may an alternative measure that is easier to collect and provide to the AER and provide the appropriate insights the AER is seeking to understand.</p> |
| 3.26 | Customers referred to collection agency | <p>The distinction of customers (as those who are current customers and those who are no longer with a retailer) needs to be clearer.</p> <p>Retailers refer customer debt to collection agencies in different ways and at different times.</p> |
| 4.12 | Customers denied access to hardship program | <p>This amendment needs to be clarified for retailers. It is unclear</p> <ul style="list-style-type: none"> the scenario/purpose of (b) <i>the retailer was unable to contact the customer</i>. In AGL's view, if a retailer is contacting a customer to offer hardship and the customer does not either answer the call or reply to communication for contact, this does not mean the customer has been denied access. Scenarios intended in (c) <i>the customer did not make the requested payments</i>. AGL may request customers who have previously been removed from the hardship program to agree to, and keep, a 4-payment plan arrangement to demonstrate an intention and willingness to participate in the program. This is considered a condition of re-entry only and is not used to deny any customer who has not previously participated in the program. Greater clarity on the intended distinction between (a) the customer did not agree to the suggested payment plan and (d) it was more appropriate to return the customer to a normal payment plan or billing cycle. Because of the nature of customer engagement, we ensure customer hardship payment arrangements are reasonable and sustainable. If it is determined that it is more appropriate to place a customer to a normal payment plan then this customer is not denied access. |

AGL's current approved Hardship Policy notes that if a customer has previously been removed from the hardship program for non-payment/non-engagement, the customer will be asked to meet 4 payments on an agreed payment plan to show a willingness to pay/engage to re-enter the program. AGL works with the customer to set an amount



taking into consideration their capacity to pay and their current usage in line with the Sustainable Payment Plans Framework. If the customer does not agree to these conditions, they are not re-entered into the hardship program. It is unclear if this scenario would be included in section 4.12 *customer being denied access to the hardship program*. AGL is of the opinion this should not be included, as we work with the customer to make arrangements that suit their circumstances and customer participation in these circumstances is dependent on a previous failure to participate/engage, and refusal to show a willingness to pay in future – i.e. to participate in the program.

Finally, we note that customers with payment arrangements are not always experiencing payment difficulties. Customers choose to start a payment plan for a number of reasons including financial management, budgeting, preference, direct debit and set-and-forget preferences. There are also difficulties for retailers to capture information such as where a customer has missed a pay-by-date but their pay on time discount is still honoured when the customer contacts the retailer. These scenarios require further consideration by AER as the analysis of any data provided under the proposed requirements may lead to inaccurate conclusions. We strongly recommend the AER discuss these matters in greater detail with retailers and consider a staged or delayed implementation date.