



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

Ms Sarah Proudfoot
General Manager, Retail Markets
Australian Energy Regulator
GPO Box 520
Melbourne, VIC 3001

Lodged online: AERInquiry@aer.gov.au

18 December 2017

Dear Ms Proudfoot,

RE: Draft (Retail) Exempt Selling Guideline – Version 5

AGL Energy (AGL) welcomes the opportunity to make a submission to the Australian Energy Regulator's (AER) Draft (Retail) Exempt Selling Guideline Version 5 (Draft Guideline).

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation, battery storage and renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million retail customers throughout the National Electricity Market (NEM), in addition to a growing suite of 'beyond the meter' distributed energy services and solutions.

AGL supports the AER's position that all retail energy customers, irrespective of how they take up supply, should have access to the same level of customer protections including access to suitable dispute resolution pathways. AGL also supports the AER's proposal to include a clear obligation on exempt sellers to have robust complaint and dispute handling procedures.

However, AGL does not necessarily agree that the external dispute resolution must be provided by the ombudsmen schemes. As previously raised by AGL, we query the ability of and the approach that an energy Ombudsmen may take with respect to bundled service disputes and consequential disputes, particularly when existing customer channels may already exist that are more appropriate for dealing with those types of disputes. We also consider that further clarity should be sought on whether an energy Ombudsmen has the authority, skill set and knowledge to review and make decisions on cases which involve energy and other services (i.e. insurance, water, telecommunications etc.), and whether the Ombudsmen would be required to cooperate/communicate with other industry service Ombudsmen to jointly make determinations.



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

AGL has similar concerns about the 'reach' of the ombudsman schemes. For example, it is unclear in the Draft Guideline whether an energy Ombudsman would have the ability to explore other aspects of an exempt seller's business that may be only distantly related to the original issue raised. Ombudsman services generally exist to resolve non-price customer disputes, while other forms of customer protection action exist for other specific areas. AGL submits that rather than all external disputes being referred to the energy Ombudsmen, disputes should be directed to the most appropriate forum. For example, issues with warranties, information disclosure and sales practices should be resolved through Australian Consumer Law, whereas billing, disconnection or credit collection issues etc. could be referred to an Ombudsman service.

Other issues that also need to be considered include:

- What is the best funding model for the ombudsman schemes now that exempt sellers are included, taking into consideration that some of the smaller exempt sellers may struggle to pay the cost in advance. Of the current Ombudsman Schemes, it is AGL's view that the Energy & Water Ombudsman SA model is the most appropriate. Rather than forecasting complaint volumes and charging in advance, the Scheme charges approximately a third of its fees as quarterly fixed costs and then invoices in arrears on actual complaint volumes.
- Issues around who needs to become a member of the ombudsman schemes, including which legal entities of a business.
- It is also currently unclear to AGL, what (if any) penalties will be applied to exempt sellers who refuse to join or engage with an energy Ombudsman. This is concerning as it could lead to cross-subsidy issues and poor customer outcomes if the exempt seller refuses to cover the costs of the complaint or engage in the dispute resolution process.

Given the significant changes that will be required across all the ombudsman schemes, AGL considers that this is an opportune time to look at gaining greater consistency across the schemes and to discuss whether it would be beneficial to move towards a national ombudsman model. AGL submits that a national approach would allow for certain efficiencies to be realised and provide a more consistent customer experience.

AGL acknowledges that the AER may not be best placed to address all the above concerns. Nevertheless, we encourage the AER to raise them in its discussions with the Australian New Zealand Energy and Water Ombudsman Network (ANZEWO) and to consider the impact it may have on the proposed changes to the Draft Guideline.

We look forward to working further with the AER and ANZEWO to provide alignment on dispute resolution access to all energy customers.

Should you have any questions or comments, please contact Leilani Kuhn on (03) 8633 6934 or lkuhn@agl.com.au.

Your sincerely,

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

Elizabeth Molyneux

Head of Energy Market Regulations