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By email: AERExemptions@aer.gov.au



Further targeted consultation on the AER's draft (Retail) Exempt Selling Guideline – AGL's submission

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Regulator's (**AER**) specific amendments outlined in the *Amendments to AER's Retail Exempt Selling Guideline v 4.0 – specific sections for additional consultation only* dated December 2015 (**Further Consultation Paper**).

AGL is a significant retailer of energy with over 3.7 million electricity and gas customers nationally. Accordingly, AGL has a strong interest in the efficient delivery of energy services for the long-term interests of consumers.

AGL is very supportive of the further amendments proposed by the AER to the *Draft (Retail) Exempt Selling Guideline v 4.0 (Guideline)*, which relate to the manner in which businesses consult with tenants/customers over proposed network conversions. AGL strongly supports customers being provided with detailed advice about the implications of their site being retrofitted as an embedded network to ensure that customers make informed decisions when deciding whether to provide their explicit informed consent.

We have outlined below some points for the AER's consideration/clarification:

- **Definitions of tenants/customers** – it is not clear to us from the Further Consultation Paper whether the definitions of "tenants/customers" include property owners/body corporates? We submit that to make it clear that property owners need to be consulted, the references to "tenants/customers" in the Guideline should be replaced with "customers and/or owners".
- **Impact on existing retail energy contracts and entitlements** – we suggest that the information that a proponent for an brownfield embedded network site is required to provide to affected customers should include comment on the implications for the customer's existing retail contract and their eligibility for any government schemes or rebates.

AGL is supportive of the Australian Energy Market Commission's (**AEMC**) *final determination and rule on Embedded Networks (Final Rule)*. We support the AEMC's assertion that the Final Rule will benefit embedded network customers seeking retail offerings by making it easier for off-market customers to access retail products and services, and by setting up the Embedded Network Manager role to manage market interface services.

However, we also reiterate our view set out in our previous submission to the AER. Specifically we contend that the changes to the National Electricity Rules (**NER**) to give effect to the Embedded Networks rule from 1 December 2017 would significantly benefit from the additional AEMC recommended changes to both the National Energy Retail Rules (**NERR**) and more importantly the AER's Electricity Network Service Provider Registration Exemption Guideline and/or the Retail Exempt Selling Guideline.



In our view, changes to these regulatory frameworks, particularly those under the AER's remit, are critical to ensuring that the embedded networks reforms are comprehensive and complete. The regulatory frameworks for retail and embedded network customers must be consistent to promote retail competition, minimise costs, and to provide clear and transparent direction to all market parties. We therefore consider that additional changes to the Guideline prior to the commencement of the Final Rule are necessary and at a minimum, include requirements for:

- the alignment of standards for meter reading, testing and inspection with those applied in the NEM, so embedded customers can access retail competition without having to upgrade/purchase their meter; and
- unbundled network charges to apply, which enable retailers to better quantify the costs of providing retailer services to embedded customers.

AGL encourages the AER to consider the AEMC's recommendations in the Final Rule, and to engage with the AEMC and wider industry on this matter. Coordination is necessary to ensure consistency and efficiency in the application of these changes.

AGL looks forward to engaging further with the AER as part of this consultation process. Please contact Leilani Kuhn on 03 8633 6934 if you wish to discuss any aspect of this submission further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'R. Brigham', is positioned below the closing text.

Rebecca Brigham
Manager, Regulatory & Compliance Services