



18 August 2011

General Manager
Network Operations and Development Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Dear Sir/Madam

AER approach to electricity network provider exemptions – June 2011

AGL welcomes the opportunity to comment on the AER's consultation paper on its approach to electricity network service provider exemptions (the **network guideline**), released in June 2011.

AGL is supportive of the AER's general approach whereby it has sought to align the classes of exemption in the network guideline with the Exempt Selling Guideline. There are clear benefits to this approach, in particular that it will streamline the process for applicants seeking both type of exemptions, presumably leading to less chance of inconsistent outcomes.

We take this opportunity to comment briefly on the AER's draft Exempt Selling Guideline, consultation on which is occurring simultaneously with the network guideline. AGL has made submissions previously in relation to the Exempt Selling Guideline, and we do not propose to make a separate submission. However, we repeat our disappointment with the fact that the AER does not support a public register for all exempt sellers. AGL considers that universal registration would lead to a greater level of transparency within the market and we do not believe that it would represent an excessive cost for exempt sellers.

The other issue which remains of concern to AGL relates to dispute resolution and the fact that there is very little in the Exempt Selling Guideline to suggest that customers of exempt sellers will be able to have their disputes resolved to the same standards as those customers purchasing energy from authorised retailers. It does not seem particularly satisfactory that all the exempt seller need do is make reasonable endeavours to resolve the dispute and advise the customer if an applicable dispute resolution scheme exists. AGL considers that there needs to be greater consideration given by the AER and the jurisdictions as to how best to ensure that vulnerable customers, in particular, have access to independent, no cost dispute resolution (which is ultimately not paid for by authorised retailers and distributors).

Comments on a number of the specific questions raised in the network guideline are in Attachment A.

- > 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

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



Yours sincerely,

A handwritten signature in black ink that reads 'Beth Griggs'.

Beth Griggs
Head of Energy Markets Regulation

Attachment A



1. Are the classes of exemption clear and easily interpreted? (Q.2)

While there are a large number of classes of exemption, which could potentially lead to confusion, AGL nevertheless considers the actual classes to be sufficient at this stage. However, the classes should be periodically reviewed to ensure that they are keeping pace with market developments.

2. Do stakeholders consider the criteria for revocation are appropriate for exempt networks? Do stakeholders consider the proposed process fair and reasonable? (Q.6 and 7)

AGL considers that the criteria for revocation are appropriate, however, we are unclear how the AER intends to monitor exempt networks for compliance on an ongoing, practical basis.

3. The AER considers common standards for the accuracy of metering will benefit consumers. Do stakeholders agree with this approach? (Q.8)

AGL supports the AER's proposed approach.

4. With respect to the condition requiring coverage by approved dispute resolution procedures, do stakeholders have any suggestions which would improve this condition? (Q.12)

AGL strongly supports the proposed condition that the exempt network be covered by approved dispute resolution procedures. We do, however, question how the AER intends to monitor compliance with this condition. Further, and as we have argued in relation to exempt sellers in the context of dispute resolution schemes, there should be no cross-subsidisation by the rest of the industry to cover the costs of these disputes.

5. Do stakeholders consider the proposed registration arrangements are clear and the information requirements to be sufficient? (Q.14)

AGL is not convinced that the proposed registration requirements will prevent situations in which ownership of the exempt network is changed without the knowledge of the AER. In such situations, the new owner may not have a clear understanding of the conditions associated with their exemption class and if they have failed to register with the AER, then it may be some time before the AER becomes aware of any non-compliances (in the event they occur).

6. Do stakeholders have any comments on electric vehicles or electric charging stations, and the conditions to be applied to them? (Q.17)

AGL agrees that electric vehicles is a fledgling industry and, as such, it would be preferable to have a separate consultation on this issue. At this early stage, AGL is not convinced that it would be appropriate to have electric vehicle charging stations connected within an existing network, captured as part of the exempt network regime.

7. Are there any other matters the AER has not considered in this draft network Guideline which stakeholders believe should be addressed? (Q.23)

One issue which AGL considers ought to be addressed as part of this consultation relates to revocation of the exempt network's status by the AER. It is not clear to AGL what will happen to the customers of the revoked exempt network – for

example, AGL is not aware of there being an equivalent Retailer of Last Resort scheme which will ensure that the customer continues to receive distribution services.

