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Retail Guidelines review - Issues Paper Submission

AGL Energy (**AGL**) thanks the Australian Energy Regulator (**AER**) for the opportunity to comment on the Performance Reporting Procedures and Guidelines Review Issues Paper (the **Issues Paper**).

AGL welcomes the Review of the Performance Reporting Procedures and Guidelines (the **Guidelines**), particularly, to identify opportunities to streamline the reporting and submission process for regulated entities. While developing the draft Guidelines, we encourage the AER to consider how industry can be supported to balance increasing costs and effort associated with procuring the expanded data scope and decrease the administrative burdens during the submission process. The AER will be attuned to the ongoing affordability crisis and cost of living pressures impacting the Australian economy and consumers. The AER should remain cognisant that changes required to retailers' enterprise IT billing and customer management systems to capture the expanding scope of data metrics requires substantial time, effort and resources. As these costs are ultimately worn by consumers there needs to be commensurate and demonstrable merits in the new performance reporting requirements in order to substantiate the costs of the proposed changes.

AGL's response to the Issues Paper is based on its extensive experience with performance indicator reporting across a number of jurisdictions. The feedback in this submission addresses:

- The benefits of aligning the Performance Reporting schedule with the AER's Compliance Reporting schedule across the Financial Year;
- A simplified process for senior management sign-off and resubmission of revised indicators;
- The challenges of procuring and validating exceedingly granular data; and
- The AER's proposal to introduce, consolidate or remove individual indicators.

Implementation Timeframe

The AER is proposing a period of six months from the release of its Final Decision on the updated Guidelines until the commencement date of the new reporting requirements for regulated entities. While AGL understands that the 1 July 2024 proposed implementation date corresponds with the commencement of the FY25 reporting period, until the full scope of updates to the Guidelines is released it is challenging for industry to ascertain whether this will be a sufficient timeframe for implementation. Whether changes can be achieved within six months will largely depend on the complexity and effort required to design, develop (or reconfigure), test and implement changes to retailers' IT systems which capture the data metrics. AGL anticipates that one of the main factors that will add time and cost to implementation will be the testing required for the more granular requirements (0, 30, 60-day debt, metro/regional, specific indicator reporting for embedded networks and family violence), noting that the more datapoints retailers need to produce, the more testing/validation is required as part of the build.

Subject to the Final Decision, it is likely that the more straightforward changes for example, the consolidation or removal of certain indicators can be achieved within the six-month timeframe, however, changes that require extensive development (e.g., monthly data capture, jurisdictional/regional data breakdown) could require between 12-18 months from the date of that the final requirements are known to deploy. To overcome these issues, AGL recommends an expedited release of the Final Decision, or to phase in more complex changes across two or more financial years.

Alignment to the AER's Compliance Reporting Schedule

In the current Performance Reporting schedule, regulated entities have only one month from when the reporting period ends until they are required to submit the reports to the AER which often creates challenges from a data validation and sign-off perspective. AGL recommends that the AER align the submission dates for performance reporting with AER's Compliance Reporting schedule. This would mean regulated entities gain an additional month in FYQ2 (extended from the current due date of 31 January to 28 February) and an additional month in FYQ4 (extended from 31 July to 31 August) to submit performance reporting to the AER. Both the Q2 and Q4 periods are particularly challenging due to end of financial year reporting requirements in June/July, and the end of year holiday period when staff are often on leave throughout January.

Submission of Revised Indicators

The AER will be aware that instances of isolated or clerical errors relating to one of the indicators in the report may occur. In these circumstances, the regulated entity is required to correct the data, seek CEO/delegate sign-off and resubmit the full report again, which is a protracted and onerous process particularly where it relates to an unintentional, typographical error. AGL recommends that the AER introduce a simplified mechanism that allows entities to provide revised data in the event of an error with one or a limited number of indicators without requiring formal CEO/delegate sign-off. This approach is consistent with that of the Essential Services Commission of Victoria whereby the retailer has an opportunity to provide the corrected/revised data without requiring refreshed sign-off and resubmission of the whole report.

Simplified Sign-off Process

The current version of the Guidelines requires that Quarter 1, 2, 3, and 4 reports on quarterly and annual performance indicators "must be signed by the Chief Executive Officer (CEO) of the regulated entity or a delegate appointed by the CEO for this purpose." AGL recommends an expanded line of delegation to streamline the sign-off process and reduce administrative burdens for regulated entities which would allow for additional time for data gathering and validation. The relevant provisions of the Guideline may specify that the quarterly and annual reports "must be signed by the Chief Executive Officer *or Executive General Manager of the regulated entity or a delegate appointed by the CEO or Executive General Manager* for this purpose."

Data Validation Requirements

While AGL supports additional data validation requirements to ensure that the sum of certain subindicators aligns with the overarching indicator, instances may arise where this is not the case, however, there is a reasonable explanation to substantiate the inconsistency in the template. AGL supports the inclusion of an explicit note in the revised Guidelines to specify that certain indicators must have totals that are comparable. In circumstances where the totals do not match, an additional field should pop up in the template for further comments to explain the discrepancy rather than blocking submission of the template and creating unnecessary delays and administrative issues.

Numbering of Indicators in the Guideline

As part of the Review of the Guidelines, we understand that the AER intends to revise, redefine, or replace a number of existing indicators. The AER may be aware that for some regulated entities, the specific numbering associated with these indicators is deeply embedded into the backend logic of the IT system to allow for the corresponding data to be periodically extracted. Rather than reusing existing indicator numbering protocols, AGL's preference is that, where the definition of an indicator substantively changes or where multiple indicators are consolidated into one, the AER repeal the previous indicator and create a new one using unique numbering. To clarify, this does not extend to minor or immaterial changes to the definition of an indicator.

Frequency and Granularity of Data

AGL does not believe that there are sufficient commensurate benefits to the proposed frequency and granularity changes for performance reporting, or whether any of the potential benefits put forward by the AER outweigh the costs of implementation. Further, to overlay all of the AER's proposed changes, i.e., requiring retailers to provide data related to embedded network and family violence customers for specific indicators, electricity/gas debt over 0, 30, 60, 90 days, metro/regional and monthly, will exponentially increase the number of datapoints that retailers will need to provide. It is not just the build of these indicators that will be time consuming and costly, but the ongoing delivery, validation and maintenance will also create significant burdens on resources. The breadth of these proposed changes may not be achievable by the 1 July 2024 commencement date.

With respect to the proposed monthly data collection (reported on a quarterly basis), due to organic movement over time and natural variances, capturing data at such a granular level may not actually reveal any meaningful trends or insights for the AER, and will likely impose a significant burden not just on regulated entities to procure and verify this data, but also on staff of the AER to analyse and report on it. AGL's preference is to retain the quarterly reporting model.

AGL does not support the proposed breakdown of performance reporting data by geographic region, distribution area or metro vs regional zones. A change of this type would be both complex, and extensive, likely requiring between 12-18 months to implement, as well as a substantial investment of financial and people resources to operationalise. AGL also has concerns about consistency of application between retailers, particularly for metro/regional zones. Given that the proposal for increased frequency and granularity has the potential to create hundreds of additional data points, it is unclear what benefit to its market monitoring function the AER would derive from these reforms.

Individual Indicators raised in the Issues Paper

Indicator/s	Comments
New Indicators - Embedded Networks	Metrics related to 'parent/gate meters' and 'on market' meters are already captured under retailers' existing data set, however, are not explicitly

	identified as an embedded network customers but rather are captured and reported on as ordinary residential, SME or C&I customers. AGL notes that traditional energy retailers have no visibility off market meters, including specifics indicators such as energy debt, payment arrangements, credit collections, therefore we recommend that any data pertaining to off market meters in embedded networks is captured directly from the embedded network provider.
New Indicators – Life Support	No comment
New Indicators – Family Violence	The AER should provide further clarification or redefine the indicator described as "The total number of customers who identify as affected by family violence ***broken down by subcategories such as those on a hardship program or payment plan***". Accounts of customers affected by family violence have an overarching account registration or 'flag' which identifies them as requiring additional protections, such as account security and handling by a specialised team in the contact centre. These customer accounts may not necessarily be part of the retailers' hardship program or require a payment plan. AGL supports the simplified version of this indicator to capture the number of customers registered as experiencing family violence without a breakdown by category.
Non-hardship debt indicators (S3.15, 3.17 and S3.18)	*Consistent application of indicators between retailers:* AGL's recommendation to overcome potential inconsistencies between retailers, particularly on the application of indicator S3.15 – *the total number of customers repaying an energy bill debt*, is to change the word "repaying" to "energy customers ***with*** an energy debt" to avoid confusion. Customers may have an energy debt at the end of the reporting period but may not be actively repaying that debt depending on their individual arrangement (if any) with the retailer.
Adjusted indicators – Aged Debt	We question whether there is any real merit in the granularity proposed by 0-, 30-, 60- and 90-day debt reporting. There are natural variances and organic movements in debt overtime, which may not necessarily indicate particular trends or provide meaningful insights to the AER. Further, it is unclear at this stage, if the aged debt is counted once as it moves between each category, or whether the individual debt covers a number of periods. For example, should 90+ aged debt also be captured as 0, 30 and 60 days overdue?

Adjusted indicators – average debt measurement & alternative debt arrangements	No comment
Tariff & Meter Types	While AGL supports capturing the refined tariff type data, we do not support capturing this data for meter types other than Type 4 and Type 4A, such as basic accumulation and manually read interval meters. The AER will be aware of the Australian Energy Market Commission's upcoming reforms to the smart meter deployment program, including the 2030 regulated target date for universal penetration of smart meters. It is AGL's preference not to invest time and resources to capture metrics which are being phased out and will be redundant in the near future.
Expanded Indicator - Energy Concessions	The benefit of capturing customers who are receiving their concession entitlements in practice, in addition to those customers who are entitled to receive concessions, is unclear as these two numbers should align in retailers' billing systems. Beyond this, retailers do not have visibility either through Services Australia or state-based concessions frameworks of customers who have a concession card eligible to receive an energy rebate but have not registered it with their retailer. We are seeking clarity as to what the AER seeks to capture with the expanded indicator.
Expanded Indicators – Call Centre Indicators	Other methods of communication could include social media, email or communications through customer apps and online portals. Due to the nature of the interaction and the platform, some contacts methods such as those initiated through social media may be difficult to capture and complex to implement an automated process to procure that type of data. Further, the proposed expansion of the call centre indicators S3.1-3.4 will require substantial design and development to implement. It is unlikely that the 1 July 2024 will be sufficient to build for these changes.
Complaint Indicators	AGL's preference is that the revised complaint indicators are aligned to those in the Essential Services Commission's Compliance and Performance Reporting Guidelines.

If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at vkalpakidis@agl.com.au.

Yours sincerely,

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