

# Application to Surrender

Application to surrender the OVO Energy Pty Ltd  
Electricity and Gas Retail Authorisations

November 2024





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# 1. Executive Summary

As the Australian Energy Regulator (the **AER**) is aware, AGL Energy Limited (**AGL**) acquired 51% of OVO Energy Pty Ltd ABN 99 623 475 089 (**OVO**) on 29 March 2021, and subsequently in April 2024 AGL expanded its ownership of OVO to 100%. [REDACTED]

[REDACTED] The table below highlights the number of OVO customers in relevant states, as broken down by customer type as at November 2024.

	New South Wales	Queensland	South Australia
<b>Residential customers</b>	[REDACTED]	[REDACTED]	[REDACTED]
<b>Small business customers</b>	[REDACTED]	[REDACTED]	[REDACTED]

AGL is now undertaking a review of its product offerings and has decided to retire the OVO retail brand, as AGL would like to stop operating under that brand in the Australian market. [REDACTED]

[REDACTED] AGL is proposing to migrate all customers and supply points that are currently serviced by the OVO legal entity to the AGL legal entity, AGL Sales Pty Ltd. [REDACTED]

[REDACTED] Following the customer integration AGL will then look to retire the OVO participant identifier in the energy market. The customer integration plan is detailed in section 4 of this document.

As is discussed in detail later, AGL and OVO will be seeking to rely on section 105(8) of the *National Energy Retail Law (South Australia) Act 2011* (the **NERL**) to support AGL to move all customers and supply points currently receiving energy from the OVO participant identifier to the relevant AGL participant identifier.

AGL will then also undertake updates to its internal systems to facilitate the customers being serviced under the AGL brand. To facilitate this process, OVO is now applying to the AER to surrender its electricity retail authorisation E19009 and gas retail authorisation G19009. OVO notes that whilst it has a gas retail authorisation, it has not commenced selling gas outside of Victoria, where it only has [REDACTED] gas customers, who have agreed to transfer to a retailer of their choice prior to the OVO surrender. As such, the surrender of the gas retail authorisation is for completeness, rather than to transfer any customers to AGL.

Both AGL and OVO will take steps to ensure that customers are aware of any changes to their retailer and any subsequent impact it may have for them; our key focus throughout this period is ensuring that our customers have a positive transition experience. Specifically, AGL and OVO will be writing to customers of the OVO retail brand to inform them that:

- They will be transitioning from OVO to AGL and that key components of their energy retail contract will not be changing. This includes the customers' energy rates, fees and charges and any discounts.
- Provide relevant customers with tailored advice to support them through the integration and get them set up with AGL. This includes:
  - The best contact number for customers to use to receive support during and after the transition
  - Advice about customers' concession entitlements and that AGL will be working with the relevant government Departments and Services Australia to migrate these to AGL without the customers being required to take any steps
  - Advice about customers' direct debits being transitioned to AGL to ensure that customers are able to continue to enjoy the ease of managing their energy bills via direct debit
  - Information about customers' hardship payment arrangements and how to make payment to their arrangements following the customers integration to AGL.

Customers will also be informed when they have successfully migrated into AGL and given tips and tricks to help them engage with AGL in a manner that works for them.

The transition of retail brands will be a 'big bang' migration, with the respective legal entities being updated in early 2025. OVO is now seeking to have the surrender of their authorisation effective shortly thereafter, with a target date of 30 June 2025.

## 2. Background

AGL acquired 51% of OVO on 29 March 2021, and subsequently in April 2024 AGL expanded its ownership of OVO to 100%. [REDACTED]

[REDACTED] AGL has now decided to retire the OVO retail brand, [REDACTED]

AGL has extensive experience in surrendering retail licences, managing customer integrations and supporting large scale transfers of customers through the bulk change tool with AEMO. This includes:

- In 2023, AGL retired its challenger brand, Powerdirect, which serviced [REDACTED] customers nationally.
- In 2021, AGL acquired and integrated the Click Energy and Amaysim Energy customer cohorts to AGL.
- In 2014, AGL acquired and integrated the Australian Power & Gas customer base to AGL.

We have taken the learnings from these integration projects and determined that a “big bang” style of integration is most appropriate these circumstances, relying on a bulk transfer of the customers.

This will allow us to offer customers a more streamlined and holistic customer experience, as well as allowing us to promote simplicity in their services. This notion is centred around providing our customers simple and clear support, in addition to having a clear value proposition for our customers.

### 2.1. AGL’s extensive experience in similar migrations

AGL has extensive experience in similar large-scale migrations. This past experience places AGL in a unique position to be able to deliver a brand integration that puts customer satisfaction and experience at the centre of our integration approach. We agreed to relevant conditions when surrendering the three following retail licences and complied with all applicable conditions in each instance.

In forming this approach to integrating the OVO customers to AGL, we have been able to harness this internal expertise and previous experience. This includes leveraging previous project plans, systems, documentations, risks and issues registers to pre-empt risks and take preventative steps to reduce the likelihood of their occurrence.

#### **Powerdirect**

In October 2023, AGL streamlined its retail offering, by retiring its challenger brand, Powerdirect. AGL had owned and operated the Powerdirect retail brand since February 2007, servicing some [REDACTED] electricity customers. AGL successfully migrated all customers, utilising the ‘big bang’ methodology, from the Powerdirect retail entity and associated participant identifier to the consolidated AGL brand.

### Click Energy

Much like this current transition, the Click Energy integration was a big bang style integration with the majority of the [REDACTED] customers being integrated into AGL over one weekend. Given the key similarities between our proposed OVO approach and the Click Energy approach, we are confident we will be able to deliver a similar outcome for our customers throughout this integration.

### Australian Power & Gas

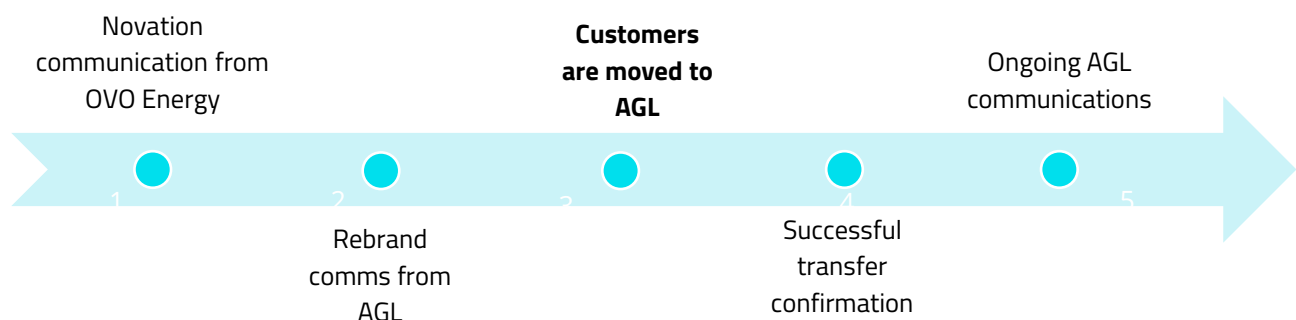
The Australian Power & Gas integration was very similar to the Click Energy integration, Powerdirect integration and the OVO integration. AGL purchased the Australian Power & Gas business and was in full control of that business in the lead up to the integration. AGL staff were appointed to key roles within the Australian Power & Gas business to support a smooth transition to AGL. Subsequently, when appropriate, AGL and Australian Power & Gas worked with the AER to transition all customers from the Australian Power & Gas retail brand to the AGL brand.

## 2.2. Customer communication and engagement

AGL is leveraging our experience in these large-scale programs to deliver exceptional customer experience throughout this transition. Our customer integration program has five key customer engagement points. At all steps, customers are able to contact AGL/OVO agents and discuss their options to take up an energy plan with AGL. Customers are also not charged exit fees at any time for leaving OVO or AGL.

Accordingly, in the event that a customer is dissatisfied with AGL becoming their energy retailer, the customer will be able to sign up with another energy retailer of their choice and cease receiving services from OVO/AGL with no additional fees.

### Customer integration journey



All key information concerning the transition and what to expect is explained to integrating customers at step 2 of the integration journey. This information is sent to all customers prior to the transfer into AGL to ensure that customers are well informed about their ability to engage another energy retailer, should they so desire. We are aware that a large amount of information can overwhelm customers, so we have worked to develop tailored communications to ensure customers receive clear information

that is relevant to their circumstances. AGL can confirm that all customers will be communicated to by AGL at least one month prior to their migration to AGL.

We have also leveraged our learnings extensive learnings from previous integrations to ensure that we are providing customers with clear and concise information about the transition.

A template copy of these customer communications will be provided to the AER prior to the migration.

### 2.3. Issue management and pre-emptive mitigation

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Notwithstanding this significantly lowered risk profile, AGL will still be:

- Conducting testing of the bulk change tool with the Australian Energy Market Operator (**AEMO**) and relevant distributors
- Reducing the number of in-flight actions that are sitting in the market in the lead up to the bulk transfer by OVO ceasing active sales activity prior to the migration.
- Providing training to relevant customer service agents about the transition and the likely support these customers may require during the cutover period.

Should any regulatory issues arise during this process, AGL will engage the AER and work constructively to manage these issues in a way that minimises any potential customer detriment. We will, of course, seek to ensure our regulatory obligations and reporting obligations are complied with.



## 3. Statement of Reasons

[REDACTED]

[REDACTED]

The OVO retail brand is being retired [REDACTED]. As part of this retirement, AGL and OVO are looking to transition the retail brand servicing OVO customers to the AGL brand. This change will impact approximately [REDACTED] residential customers and [REDACTED] small business customers across Victoria, New South Wales, Queensland and South Australia. To facilitate this process, OVO is now applying to the AER to surrender its electricity retail authorisation E19009 and gas retail authorisation G19009.

This surrender is required for AGL and OVO to transition the legal entity servicing customers to AGL, which will then enable the retirement of the OVO brand. This is particularly relevant in these instances, as AGL does not own the OVO retail brand, but is instead licensing the brand from OVO UK. Following this transition OVO will surrender its retail authorisation.

This is consistent with the AER's *Retail Authorisation Guidelines*, which favour the surrender over the transfer of authorisations in circumstances where the retail entity that has acquired another is already authorised. We are proposing for this surrender to be effective from 30 June 2025. We believe this will allow us time to undertake any required remediation activities to ensure all customers are migrated to AGL.

We have developed detailed plans to ensure supply is not interrupted for all customers that are migrating. Specifically, these include:

- Engagement with AEMO to utilise a bulk transfer tool. This reduces the risk market-based transfers can create for a migration activity of this magnitude as it does not require actual reads of customer meters, but instead can be ran on one specified date, with a retrospective effective date
- Making the surrender conditional on all customers being moved to AGL's retail entities (or customers choosing to move to another retail entity that they have entered into a contract with)

We believe that these arrangements both ensure continuity of supply for all customers but also ensure that customer detriment is avoided as much as possible.

### 3.1. Proposed conditions of surrender

Both AGL and OVO are aware that it is common for the AER to impose conditions on the surrender of an authorisation application. As AGL understands it, the AER, OVO and AGL share two common goals,

those being ensuring no customers are worse off as a result of the integration activity and that all customers continue to be supplied with their respective fuels. To this end, AGL and OVO are supportive of the AER imposing conditions that are aligned with both the Powerdirect and Click Energy surrender conditions that have previously been applied to AGL. For clarity, these conditions are:

1. That OVO notify the AER within five business days of all customers being transferred to AGL
2. That OVO ensure that customers who are transferred to AGL are transferred to a product and price that is the same as those applicable to the customers under their OVO arrangement, unless any amendments give rise to a price that is effectively lower than that the customers OVO arrangement provided for
3. That OVO ensure that customers are transferred to AGL on the customers same terms and conditions
4. That OVO ensure that the following is recorded in AGL's systems:
  - a. Whether a customer is on a payment plan in accordance with rule 33(1) of the National Energy Retail Rules and if so:
    - i. The payment amount and frequency of that arrangement
    - ii. The commencement date and expiry date of that arrangement
    - iii. Any outstanding amounts owed under that arrangement
  - Whether a customer is participating the OVO hardship program (as outlined in the OVO Hardship Policy (attached at attachment 1)) and if so:
    - iv. The details of the assistance provided to these customers
  - b. Whether a customer is recorded as requiring life support equipment at their address
- Where a customer is on a payment arrangement in accordance with rule 33(1) of the National Energy Retail Rules, or participating in the OVO Hardship Program, OVO must ensure that these customers are not required to reapply to participate in the AGL Hardship Program (as outlined in the AGL Hardship Policy (attached at attachment 2)) or to be on a payment plan on the same terms, or not terms less favourable than the AGL arrangement
5. That OVO ensure all customers on a payment plan or participating in the hardship program are informed in writing of the details of their new payment arrangements with AGL
6. For any customers who are using Centrepay as a payment option immediately prior to the transfer to an AGL Retail Contract, OVO ensure that, within the first six months of the customer being transferred to an AGL Retail Contract, AGL does not cancel a payment plan in circumstances where:
  - a. there has been non-payment by the customer; and
  - b. the non-payment is a result of disruption to the customers Centrepay arrangements caused by the transfer process.
7. That OVO ensures AGL informs each customer as soon as practicable after the date the customer is transferred to AGL that:

- a. They are no longer a customer of OVO and are now a customer of AGL
  - b. that they can transfer from AGL to a new a retailer
  - c. states in a prominent and clearly identifiable manner that Energy Made Easy is the Australian Government's independent website where customers can compare electricity and gas offers to find the right energy plan for them and that unlike some commercial switching websites Energy Made Easy shows all generally available offers and does not take commission from retailers; and
  - d. includes a prominent and clearly named hyperlink directly below the information referred to in paragraph 8(c) to <https://www.energymadeeasy.gov.au/>.
8. That OVO ensure AGL informs the relevant distributor of any customers life support registration within five business days of the customer transferring to AGL
  9. That OVO ensure AGL does not terminate a customer's contractual arrangements for at least nine months from the date that customer transfers to AGL
  10. That OVO ensure that any concerns, objections or complaints are recorded within OVO or AGL's systems and are able to be produced to the AER upon request
  11. That OVO provide the AER with a report signed by an appropriate leader at AGL that states whether OVO has complied with the above obligations.

In addition to the above, AGL is also willing to provide the AER with a written commitment from AGL that AGL will work to comply with these obligations as if they were imposed upon it.

## 4. Ensuring continued supply

AGL has two key focuses throughout this activity, they are:

- to ensure that there is no impact to our customers' energy supply and
- to ensure that customers do not experience detriment because of the transfer.

To promote these objectives, AGL is not looking to vary or change any energy product offerings which apply to the OVO customers – these customers retail brand will change however, their energy plans will be unchanged due to this transition. Similarly, we are not proposing to vary the terms and conditions applying to the OVO customers due to the transition.

### 4.1. Updating participant identifiers

AGL is looking to transition its customers to the main AGL participant identifier, [REDACTED]. This is the identifier associated with AGL's AGL Sales Pty Limited entity, which is licenced across all states.

AGL has been working closely with distributors to support them through this period and is aiming to reduce impacts on their day-to-day operations, whilst also ensuring that these customers are seamlessly integrated into AGL. These engagements have been incredibly productive to date, and we are confident that any issues that arise in the migration can be managed. The role of these distributors will be to update their records to reflect the change in financially responsible market participant within the energy market. This allows the distributors to ensure they are billing the correct market participant.

The below table summarises which participant identifier customers will be migrating from and two across the respective distribution zones.

#### Customer entity transition

Jurisdiction	Distributor	Current participant ID	Future participant ID	AGL entity
New South Wales	ENERGYAP	[REDACTED]	[REDACTED]	AGL Sales Pty Limited
	INTEGP	[REDACTED]	[REDACTED]	AGL Sales Pty Limited
	CNRGYP	[REDACTED]	[REDACTED]	AGL Sales Pty Limited
Queensland	ENERGEXP	[REDACTED]	[REDACTED]	AGL Sales Pty Limited
South Australia	SAPN	[REDACTED]	[REDACTED]	AGL Sales Pty Limited

AGL is working with AEMO to ensure that any potential matters of hedging that are impacted are accounted for prior to the transfer. AGL wishes to reiterate to the AER that the OVO customer base amounts to some [REDACTED]% of the [REDACTED] million customers that AGL services across Australia.

As such we do not expect any wholesale market issues to arise from the customer transfers.

## 4.2. Customer's products and prices

As noted throughout this document, AGL is not proposing to vary or change the energy product or prices applicable to any OVO customer due to the transition of their retail brands. We will also not be looking to amend any solar feed-in-tariffs applicable to OVO customers.

## 4.3. Maintenance of customer terms and conditions

Throughout this migration, AGL will maintain the OVO customers terms and conditions. These will be published on the AGL website for customer ease. For the AER's reference, the OVO current Market Retail Contract terms and conditions are at attachment 4. AGL will ensure that ex-OVO customers are treated in accordance with the relevant terms and conditions of their contracts.

## 5. Promoting positive customer outcomes

### 5.1. Account history and attributes

[REDACTED]

[REDACTED] AGL will undertake detailed testing to ensure that all customers account history, communication preferences and any vulnerability flags are unchanged due to this activity.

### 5.2. Continued compliance

AGL and OVO are committed to complying with all regulatory and legal obligations throughout this integration activity. This includes maintaining robust documentation throughout the integration and working collaboratively with our regulators, including yourselves and the Essential Services Commission. A key focus of the integration activity is to drive an improved customer outcome and a general compliance uplift.

We will also be collaborating with our other external stakeholders, such as Government Departments that support the provision of customer concession entitlement and Ombudsman Schemes, distributors, and the market operator.

#### **Performance reporting**

As the AER is aware, the obligation to report for performance reporting purposes attracts to the entity that is supplying energy to customers at the point in time when the report is due. AGL's approach to performance reporting will be reflective of this. Meaning that customers will be reported under the OVO entity until such a time when they are migrated to AGL's participant identifier within the market.

### 5.3. Continued protections of life support customers

Both AGL and OVO are committed to protecting vulnerable customers throughout the integration and thereafter. For customers that are registered with OVO as using life support equipment within their home, AGL confirms that customers who have provided medical confirmation will continue to be registered [REDACTED] and will not have to do anything further to confirm their protections. AGL will maintain the relevant records within the relevant systems.

For customers who are registered but have not provided a medical confirmation form, AGL will be proactively contacting the customers to request they provide medical confirmation of their

requirement for life support equipment and ensuring that it complies with all regulatory requirements in this regard.

OVO has [REDACTED] customers currently registered as requiring life support equipment in their home. AGL can confirm that none of these customers are at risk of disconnection due to the migration process.

#### 5.4. Dispute resolution

AGL is committed to resolving any existing disputes between OVO and its customers throughout this integration.

AGL will be engaging with each of the Ombudsman Schemes about this transition and is looking forward to collaborating with the Ombudsman Schemes to wind down the OVO retail operations following the brands integration into AGL.

Following the surrender of the OVO retail authorisation AGL will be seeking to rely on its existing complaint management framework to support customers who should have a complaint that arises.

#### 5.5. Customer hardship policies

AGL has completed a detailed side by side review of the OVO hardship policy and the AGL hardship policy. With minor anomalies in the language used the obligations and rights of hardship customers are broadly aligned across the two policies.

However, AGL acknowledges that there are two material difference between the policies – one pertaining to how assessment is defined within the respective policies, and another regarding a \$50 credit that is paid by OVO to customers who successfully complete their hardship program.

The AGL hardship policy commits to a timeline of 5 business days for assessment and 10 business days for acceptance of a customer onto AGL's hardship ('Staying Connected') program, whilst the OVO policy commits to a period of 2 business days for assessment and an additional 2 business days for acceptance. AGL is committed to protecting these customers and ensuring that they are not worse off because of the transition or materially affected while their application is being assessed under AGL's hardship policy. As they transition to AGL's hardship policy, AGL will ensure that these customers are informed of their protections and entitlements through the AGL Staying Connected program. Customers will not be subjected to collections or disconnections activity during the extended period their application for hardship may be assessed under the AGL hardship policy.

The OVO hardship policy states:

*If you have successfully completed the program, you can also request to be removed from the hardship program. You will be contacted by OVO Energy confirming the successful completion, and you will be credited with \$50 to acknowledge the completion and then returned to OVO Energy's normal billing cycle.*

As there is no equivalent term within the AGL hardship policy, AGL will apply a \$50 credit to the accounts of OVO customers who are in OVO's hardship program at the date of transfer and successfully complete the program thereafter. Former OVO customers who enter AGL's hardship program after the transfer will enrol under AGL's hardship policy and therefore will not be eligible for the \$50 credit.

Currently OVO offers 3 types of payment support options to its customers. These vary from one off payment extensions to short term payment arrangements that cover a period of up to 12 months and then to long term hardship payment plans. These plans are all aligned to those offered by AGL, and to support the AER to this end, AGL has attached a comparison of the hardship policies (attached at attachment 3).

To provide the AER with context, the below table details this breakdown of OVO customers and their applicable payment plan solution (note this data includes Victorian customers).

Payment plan	NECF customers
Customers on the OVO Hardship Program	█
OVO Customers on medium to long term payment arrangements	█
OVO customers on short term extensions or arrangements	█

AGL will not be impacting any of the OVO customers' payment arrangements due to the transition of retailer. █

█  
 █  
 █

## 5.6. Payment channels available to customers

All payment channels will continue to be available to customers. AGL will continue any active direct debit arrangements at the point of migration. All OVO customers are being notified in writing of the migration to AGL and what it means to them. Copies of this correspondence will be shared with the AER prior to the migration.

Customers will be informed of the direct debit arrangements and changes to BPAY within the customers welcome to AGL communications.

AGL will also be maintaining the OVO accounts for at least 6 months after the integration date. This is to ensure that any future customer payments that are directed to the OVO accounts are acknowledged and correctly allocated to the relevant customer within AGL's systems. Following the 6-month period, AGL will conduct a review of whether customers are continuing to make payments to their OVO accounts, and will determine on that basis if they need to be retained or not.

## 5.7. Customers making payment via Centrepay

Currently, █ OVO customers are making payments to OVO via reoccurring Centrepay deductions. AGL is engaging with Services Australia regarding the customer migration, cancellation and re-establishment of Centrepay deductions, and AGL's customer communications plan. AGL will execute a communications plan to inform customers that their Centrepay deductions to OVO will be cancelled and they will need to re-establish Centrepay deductions to AGL. AGL will contact these customers



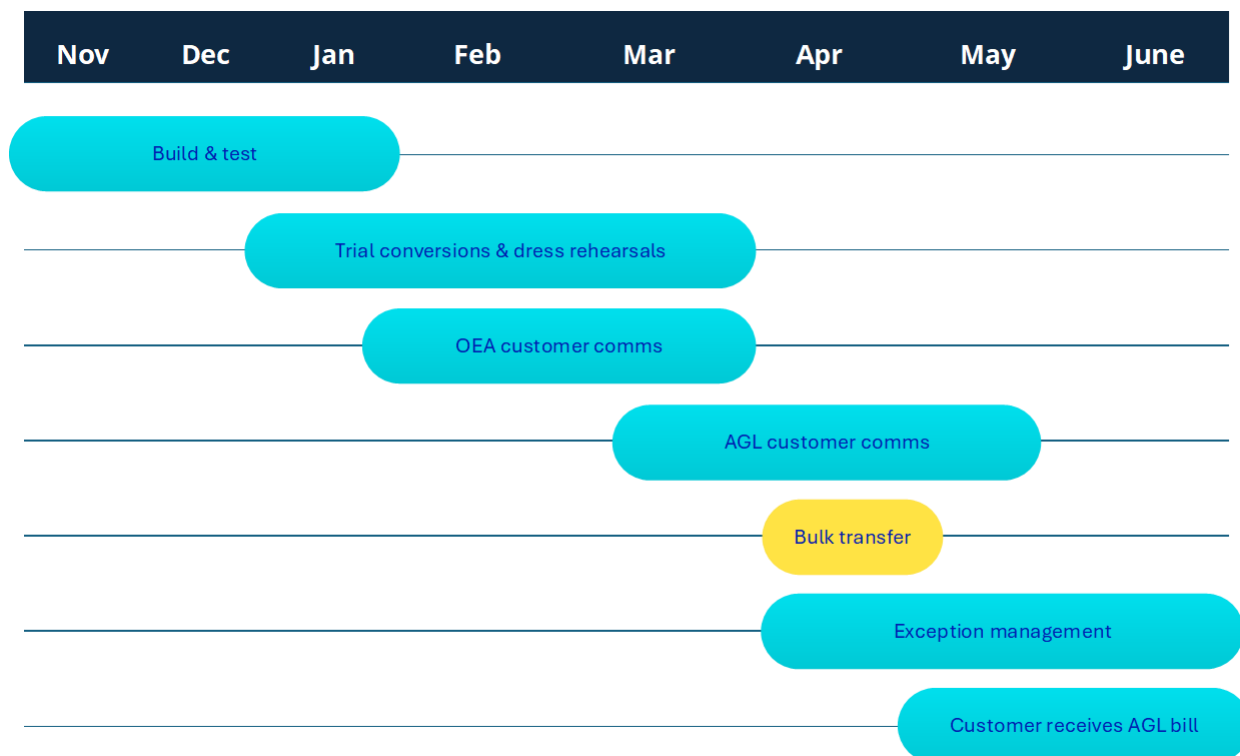


through a variety of methods and ensure they are not at risk of disconnection for non-payment while this process takes place.

OVO will also work with Services Australia to ensure all Centrepay arrangements to OVO are terminated when customers are migrated to AGL.

## 6. Timing

As noted throughout this document, AGL is adopting a “big bang” approach to the migration, and will be seeking to utilise a bulk migration on 14 April 2025, subject to final approval from all relevant parties. We have already been socialising this timeline with key distributors and AEMO and are confident this is an achievable timeframe.



### 6.1. Market engagement concerning the bulk change

As noted throughout this document, AGL has been engaging with relevant distributors and AEMO to coordinate the integration of roughly [REDACTED] customers into AGL’s participant identifier. We have had kick off meetings with AEMO and distribution businesses on the use of the bulk transfer tool for this purpose. The feedback we have received has been incredibly positive and we have confirmed with our key delivery partners that the 14 April 2025 is likely to be achievable. We are still finalising certain matters with specific distributors to ensure that this work can be conducted and managed concurrently with their current program of work. The below table summarises the supply points associated with each distributor as of November 2024.

Jurisdiction	Distributor	Sites
New South Wales	Essential Energy	██████
	Ausgrid	██████
	Endeavour	██████
Queensland	Energex	██████
South Australia	SA Power Networks	██████

OVO can provide the contact persons for each relevant distributor and their details to the AER upon request. AGL will also provide the AER with written confirmation from these parties that they consent to the transfer.

## 7. Attachments

Attachment	Summary
1	OVO hardship policy
2	AGL hardship policy
3	Comparison of the OVO and AGL hardship policies
4	OVO Energy Market Retail Contract Terms and Conditions