



28 May 2012

**Christopher Streets
General Manager, Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001**

By email: AERInquiry@aer.gov.au

Dear Mr Streets,

AGL Energy Limited (**AGL**) welcomes the opportunity to comment on the review of the Minor amendments to Retail Law guidelines (draft Instrument) published by the Australian Energy Regulator (**AER**) in April 2012.

In general, AGL supports the amendments outlined in the draft Instrument. We seek clarification in relation to the Compliance and Performance Reporting Procedures and Guidelines, mainly with regard to reporting across multiple entities. We have also identified a new provision within the Retail Pricing Information Guideline, which we consider places a burden on retailers so onerous that it cannot be justified by any of the benefits it may potentially provide.

Comments in response to specific issues raised by the amendments are provided in Attachment A.

Should you have any questions in relation to this submission, please contact myself on (03) 8633 7440 or Monique Smith, Regulatory Advisor on (03) 8633 7935 or at MSmith@agl.com.au.

Yours sincerely,

A handwritten signature in blue ink that reads 'N Wallis'.

Nicole Wallis

Manager Retail Markets Regulation

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Attachment A

Clause or Schedule	Detail of Amendment	Comment
Compliance Procedures and Guidelines		
1.1.4	<p>Replace:</p> <p>'...a regulated entity must establish and observe policies, systems and procedures to enable it to efficiently and effectively monitor its compliance...'</p> <p>With:</p> <p>'<u>each</u> regulated entity must establish and observe policies, systems and procedures to enable it to efficiently and effectively monitor its compliance...'</p>	<p>Currently, AGL observes the same policies, systems and procedures across each of its entities in order to efficiently and effectively monitor compliance. Whilst we have no concerns about providing compliance reports on a disaggregated basis, we do note that often an issue may relate to more than one of the entities operating at a time.</p> <p>AGL seeks confirmation that where information is unattainable on an entity specific basis (due to the nature of the issue) that it will be acceptable to provide a reasonable estimate of the impact on each entity.</p> <p>For example, if there is an issue with our telephony system, multiple entities would be affected. It may not be possible to quantify the impact on each entity with precision, but instead the incident would be reported across all entities.</p>
2.1	<p>Replace:</p> <p>'The Retail Law requires regulated entities to establish policies, systems and procedures to enable them to efficiently and effectively monitor their compliance'</p> <p>With:</p> <p>'The Retail Law requires <u>each</u> regulated <u>entity</u> to establish policies, systems and procedures to enable it to efficiently and effectively monitor <u>its</u> compliance ...'</p>	<p>Please see comment relating to clause 1.1.4.</p>

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Clause or Schedule	Detail of Amendment	Comment
Performance Reporting Procedures and Guidelines		
2.1.4	<p>Insert new clause:</p> <p><u>'Nothing in this Guideline should be read to require a regulated entity to provide information or data in relation to a period prior to the commencement of the Retail Law in the relevant jurisdiction.'</u></p>	<p>The current Performance Reporting Guideline mandates that the following Indicators are to be reported annually (financial year): S3.1, S3.2, S3.3, S3.5, S3.12, S3.16, S3.27, S3.28, S3.29, S4.6, S4.12 and, S4.13.</p> <p>AGL requests that clause 2.1.4 is also made applicable to the above Indicators to ensure that 'the financial year' occurs after the commencement of the Retail Law.</p>
2.2.2	<p>Replace:</p> <p>'A consolidated written report (Q.4 report) on all quarterly performance indicators for the relevant year must be submitted by 31 August in each year. The consolidated report must contain all information and data required for quarterly indicators for the period 1 April to 30 June, as well as that previously submitted to the AER in Q.1, Q.2 and Q.3 reports for the relevant financial year.'</p> <p>With:</p> <p><u>'The Quarter 4 and Annual report on all performance indicators for the relevant year must be submitted by 31 August in each year. The report must contain all information and data required for quarterly indicators for the period 1 April to 30 June, as well as the information and data required for the annual indicators.'</u></p>	<p>AGL seeks clarification as to the form in which the AER would like to receive this data.</p> <p>We would like an understanding of whether the AER will provide each retail entity with a template to allow for the annual reporting of data, or whether each entity is responsible for the development of its own template.</p>
Retail Pricing Information Guideline		
3.1	<p>Replace second paragraph under heading 'Non-generally available contract offers' heading</p> <p>With:</p>	<p>AGL seeks justification for the insertion of this new requirement.</p> <p>Energy Price Fact sheets (Price Fact Sheets) are required for each meter type, in each distribution region and</p>

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	<p>'If a retailer does not use the AER price comparator website to generate the Energy Price Fact Sheet for a non-generally available offer, the retailer must email a copy of each Energy Price Fact Sheet for each non-generally available contract offer to the AER within two business days of the offer becoming available. The email must be sent to AERInquiry@aer.gov.au.'</p> <p>This is a new requirement which will ensure that the AER is provided a copy of each Energy Price Fact Sheet generated for a non-generally available offer. It applies only where the Energy Price Fact Sheet was not generated through the AER price comparator website</p>	<p>across all products a retailer offers in each jurisdiction as of 1 July 2012.</p> <p>If Price Fact Sheets for non-generally available offers also have to be produced, AGL estimates that it will have to develop approximately 900 Price Fact Sheets to ensure full compliance. This of course, only accounts for current products, without taking into account the development of any future products, which are continually introduced in a competitive retail environment.</p> <p>In addition, each variation of a product requires a new Price Fact Sheet. Theoretically, every time a retailer tailors a product to a particular customer, they would be required to produce and supply the AER with a Price Fact Sheet for that variation. Not only would this cause significant resourcing issues, but we are also at a loss as to how this will benefit the consumer. We seek an understanding of whether this was the intended consequence of the amendment.</p> <p>We consider it sufficient that all generally available offers are available on the retailer and AER websites. If a customer contacts a retailer or the AER with a request for a non-generally available offer Price Fact Sheet, a retailer should be able to fulfil this manually within a specified time frame. This still fits within the purposes of the Retail Pricing Information Guideline, in our opinion.</p> <p>We strongly urge the AER to revise the requirement to develop Price Fact Sheets for all offers.</p>
2.2	After Example 3 insert: <i>Example 4 Cap Plan</i>	We note that the Example titled: <i>Presentation of fees, rebates and other options on an Energy Price</i>

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		<p><i>Fact Sheet</i>' in the existing Pricing Information Guideline should be updated to state Example 5.</p> <p>References to Exampe 4 in clauses 2.3.1, 2.3.2, 2.3.3 and 2.2.4 should also be updated to state Example 5.</p>

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