

28 May 2010

Kelly Wagner
Senior Regulatory Officer
Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001

By email: escosa@escosa.sa.gov.au

Dear Ms Wagner,

AGL Energy Limited (**AGL**) welcomes the opportunity to comment on the proposed amendments to Energy Industry Guideline No. 2 (Energy Retailer Regulatory Information) published by the Essential Services Commission of SA (**the Commission**) in May 2010.

The restructuring and formatting of Guideline No. 2 has resulted in a more logical and easier to follow document. AGL considers the guidance notes are clearer and promote a more consistent approach to the nature of information required by the Commission and the mechanism by which this may be collected. That being said, AGL is concerned that the introduction of some additional reporting metrics will lead to obligations that are more onerous to retailers than they are beneficial to the Commission. We also consider that the Commission's reporting guidelines should align with those of other states.

AGL strongly endorses and would like to move towards national consistency in the energy market. AGL has reviewed Guideline No.2 and acknowledges that the proposed amendments to the current reporting guidelines are, for the most part, not inconsistent with those set out in the NECF. Having said this, however, there are some differences between the reporting requirements and for this reason, in order to achieve the goal of national consistency, AGL would prefer to see the Commission wait for the NECF reporting requirements to be implemented, rather than proceed at this time with amendments to the South Australian regime. We have outlined our views around proposed amendments to Guideline No. 2 in the Appendix.

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

Yours sincerely,



Nicole Wallis
Manager Retail Markets Regulations

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Appendix

2.5 Responsibility Statement

Within its Annual Responsibility Statement, AGL currently provides the Commission with the signature of one of its senior officers. This officer is AGL South Australia Pty Ltd's equivalent of a Chief Executive Officer. AGL and the Commission have mutually consented to this arrangement however there is no provision within Guideline 2 expressly allowing this. We encourage the inclusion of a clause similar to that existing for quarterly Responsibility Statements, which would allow the signatory requirement to be varied by written agreement for an Annual Responsibility Statement. This would be especially valuable where there is no Chief Executive Officer for a reporting entity.

Proforma OP3 – Timeliness of Appointments

AGL acknowledges that reporting on the timeliness of appointments is beneficial in promoting the improvement in standards and conditions of service. However, AGL is unable to justify the requirement to report on the 'Total number of late appointments.' Given ETSA's refusal to allow AGL or other retailers to book appointments, we consider this reporting requirement to be redundant. AGL does not conduct personal meetings with customers or their representatives and we consistently report no data in this area. AGL recommends the removal of this requirement as it is irrelevant and not applicable to retailers in South Australia.

Part B Customer Service – Complaints

The Commission has proposed to introduce an additional complaint type, and AGL does not understand the rationale behind this. No other state is specifically required to report on 'Credit and Collection' complaints and there is no indication that retailers will be required to report on this complaint type as part of the NECF. As this addition is not consistent with practises in other states or the proposed NECF, we do not consider making temporary changes to current processes in South Australia or to AGL's systems would be valuable. AGL considers that maintaining national consistency would be of great benefit.

- *Customer Services – Dual Fuel Complaints*

AGL seeks clarification around the requirement to report complaints separately for Electricity, Gas and Dual Fuel customers. It is our understanding that a complaint is to be flagged as "Dual Fuel" when a customer who has both fuels with us, is complaining about both fuels. If this customer had fuels with separate retailers and made a complaint to both retailers, this would be reported to the Commission as 2 separate complaints. If, however, the complaints were made to the same retailer, it would be reported as 1 'dual fuel' complaint. We consider this requirement has the potential to skew complaint reporting data if not recorded, provided or interpreted accurately. We consider that reporting complaint data for each fuel separately would achieve the same aim without further complicating the process.

Part C.2 Instalment Plans – Customer Defaults

Reporting on the number of customer defaults on instalment plans has not been included as a proposal in the NECF, nor is it a requirement in any other state. AGL is unable to reconcile how providing these statistics will further the Commission's goals of promoting improvement in the standard of retailer services. There are a range of reasons that customers default on instalment plans, most of which directly relate to customer circumstances. If the Commission's aim in introducing this metric is to better monitor standards of service, we fail to understand how this outcome will be reached. Without being provided with the specific reason for the default, the Commission would have no visibility of the effectiveness of the instalment plan process for each retailer. We consider

the information gained from this metric would be irrelevant as well as being too onerous for the Commission to implement, especially given its omission from the NECF.

Part C. 3 Hardship Program – Customer Numbers

AGL understands the benefit of the Commission being able to monitor and improve the success of hardship programs. However, we consider that introducing the proposed reporting metrics would not result in a comprehensive understanding of hardship customers. There is no regulation around what constitutes a hardship program in South Australia. There is also no way of determining the success of a particular customer's program, other than via the retailer's own criteria. Reporting on the metrics identified would provide little perceived benefit. The statistics could not be used as a comparison tool given the vast differences between hardship programs of different retailers.

There is currently no obligation to report upon hardship in South Australia. Retailers are already required to comply with schemes such as the Residential Energy Efficiency Scheme and its equivalent in other states. Victorian retailers are required to report on the number of residential electricity customers in hardship only. AGL considers the addition of reporting metrics for hardship in South Australia would pose onerous system and reporting requirements on retailers.

- *Hardship Program – Number of New Customers metric*

AGL particularly cannot comprehend the benefit of the Commission receiving reports as to the number of new customers on hardship program. No definition has been provided for what constitutes a new customer. It is common for customers to enter and exit AGL's hardship program on more than one occasion. Depending on the scope of the term 'new', some customers may be reported multiple times quarterly or annually. Reporting on the number of new hardship customers was not proposed in the NECF and is not required in any other state. AGL considers it important that a consistent approach is maintained.

- *Hardship Program – Gas Customer Numbers*

AGL does not consider it necessary to introduce a requirement to report the number of customers in hardship for gas. The majority of electricity customers have gas and would most likely be in hardship for both fuels. We consider that electricity is the more essential of the fuels and even Victorian regulators do not require gas hardship customers to be reported on. AGL also recognises the potential to provide inaccurate statistics, due to the multifaceted nature of reporting on both fuels.

Part C.6 Concession Recipients

AGL does not see great benefit in reporting information on the number of concession recipients as results could provide limited value. We consider that information supplied could be interpreted as potential indicators of hardship numbers or customer debt levels. In order to extract any meaningful data from these results, other than the actual numbers of concession customers, assumptions would have to be made. AGL does not encourage these assumptions as concession recipients could fit into one or many categories of customer. The number of concession recipients does not affect retailer compliance and we do not consider that reporting the number of concession recipients within AGL would assist the Commission to monitor and promote standards and conditions of service of retailers. In addition, the Commission could source this data more accurately from the entity responsible for administering the Concessions as opposed to energy retailers.

- *Concession Recipients – Value of Energy Concessions (\$)*

AGL is also unable to view any perceived value in reporting on the dollar value of Energy Concessions. It is not clear whether the amount required for reporting purposes is the average value of a concession applied, or the sum total of all concessions applied. In addition, some concessions are applied across reporting periods or could be applied retrospectively. Reports may be continuously required to be amended, depending on the

Commission's guidance. This would be a very onerous task for retailers. In addition, there is no proposed requirement in the NECF to include this metric, nor is it a reporting requirement in any other state. We suggest that the Commission maintains a consistent national approach to reporting requirements.

Part C.14 and 15 Customer Debt Levels

Reporting on the average debt levels per customer is a very broad requirement. AGL considers the value of this information to be extremely limited without further narrowing the scope of 'debt.' Reports could potentially encompass customers who have only just been issued a bill, those on payment plans and also those with longer term debt. The same equally applies for customers in debt who are concession recipients. AGL cannot see any advantage in reporting on all customers owing AGL money at a particular time and seeks clarification on the definition of 'debt.' Based on the level of information required, reports may require the disclosure of quite sensitive business data. We consider that the Commission's purpose for adding this clause would be more effectively met by extracting data from other reporting metrics. We do not consider the benefits of reporting this data outweigh the potential disadvantages of revealing sensitive business information.

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