



**AGL Energy Limited**  
ABN: 74 115 061 375  
Level 24, 200 George St  
Sydney NSW 2000  
Locked Bag 1837  
St Leonards NSW 2065  
t: 02 9921 2999  
f: 02 9921 2552  
agl.com.au

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Ms Chantelle Hobart  
Regulatory Officer  
Essential Services Commission  
GPO Box 2605  
ADELAIDE SA 5001

**Emailed to: rees@escosa.sa.gov.ai**

**5 July 2017**

Dear Ms Hobart

**Review of the South Australian Retailer Energy Efficiency Scheme Code**

AGL Energy (**AGL**) welcomes the opportunity to respond to the South Australian Retailer Energy Efficiency Scheme (REES) Code Review, which has been distributed for comment by the Essential Services Commission (the Commission).

AGL is one of Australia's largest integrated energy companies and the largest ASX-listed owner, operator and developer of renewable generation. AGL is also a major Australian energy retailer, with over 3.7 million electricity and gas customers nationally. Accordingly, AGL has a strong interest in the efficient delivery of energy services for the long-term interests of customers.

Since 2009 AGL and Powerdirect (an electricity subsidiary) combined have incurred significant annual Obligations under the REES. In 2016 we retrofitted around 692,000 GJ of commercial lighting at around 1,500 sites in South Australia.

AGL is happy to provide more information, or to meet with the Commission to discuss further. Please contact me on [REDACTED] if you wish to discuss any aspect of this submission.

Yours sincerely

A handwritten signature in cursive script that reads 'Jenny Gregory'.

**Jenny Gregory**  
Manager, Mandatory Energy Efficiency Programs  
AGL Sales & Marketing

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## Review Questions and our responses

- *Are there any suggested improvements to the consumer protection requirements outlined in the Code?*

AGL has not received any consumer complaints over the last three-plus years that would warrant any additions to consumer protection requirements in the Retailer Energy Efficiency Scheme Code.

We feel that the robust nature of REES Compliance Plan 2017 (AGL SA and Powerdirect), and that of our third-party contractors, has eliminated potential consumer protection issues. The consumer protection requirements in these documents are predicated on the principles outlined in AGL's Customer Charter, which can be found [here](#) on our website.

- *What improvements could be made to the annual compliance plan process?*

It would greatly assist if the retailer Compliance Plans could be reviewed and passed within a shorter time period, especially where there are new third party contractors who must request a REES R login and password – which is only supplied once their contracting retailer's Compliance Plan has been approved.

As retailers are responsible for all jobs that are entered into the REES R, it is up to us to make sure that they are compliant before being submitted into REES R. In our case, we do not allow upload until we deem the evidentiary documentation 100% accurate. As such, it is our submission that new third party contractors should be either given access to the REES R portal prior to the contracting retailer's Compliance Plan being approved or the timeframe for approving a retailer's Compliance Plans should be streamlined.

- *Is there a need to expand or further refine the training requirements for REES installers (general or activity specific)? And how could these requirements be improved?*

AGL does not believe so. Our experience is that, alongside what is already described in the Code, the applicable standards for each product category and installation provide an appropriate level of protection.

- *Should training requirements for mandatory safety training be further specified?*

AGL can see no reason to require further mandatory safety training for installers of any products. We have not had a single Occupational Health and Safety issue reported to us ever, due to adherence to the existing requirements. Moreover, through our annual contracts, we require that a high safety and training standards are maintained by all our third-party contractors.

- *How should the REES Code address REES installations where a sub-contractor is engaged?*

- *Should training requirements for sub- contractors be further defined in the Code?*

AGL does not believe so. Our third-party contractor contracts require that all our contractors pass their liability for compliant installations (adherence to the REES Code and Standards) through to any sub-contractors. Thus, our contractors are liable if their sub-contractor does not perform in accordance with their contract.

- *What improvements could be made to ensure that the Scheme information provided to customers is adequate?*

AGL believes that the information required by the Code and provide by our contractors is adequate. We are not aware of what happens with contractors aligned to other retailers.

- *Is it beneficial to require obliged retailers to ensure its contractors and/or agents hold a nominated level of liability insurance? What requirement(s) could be applied?*

AGL requires that all our REES contractors have:

- \$X million Professional Indemnity Insurance (per occurrence),
- \$X million Public Liability Insurance (for everyone occurrence and unlimited in aggregate)
- \$X million Product Liability Insurance (for everyone occurrence and unlimited in aggregate)

We would have thought this to be standard contracting practice for all REES retailers.

- *Are the quarterly assessments of achievement provided to obliged retailers beneficial, or does the REES Retailer Reporting System (REES-R) provide sufficient information for obliged retailers to monitor their achievement?*

The quarterly achievement assessments are useful, as they validate our progress against targets in REES R. At this stage, and abnormalities are uncovered by ESCOSA, which means that we are unlikely to have any GJ shock at the end of the REES year.

- *Does the current REES Code present any issues or challenges to obliged retailers in complying with their obligations?*

No.

**What currently (since 2015 Change to REES) is occurring.**

**How AGL believes it should work for both created in current year and assigned from credits.**

- *Are there any other matters, or emerging REES related issues, that the Commission should consider or take into account?*
  - I. The recent decrease in value for commercial lighting activities where there is air conditioning by the change in the NSW Energy Savings Scheme (ESS) has significantly affected REES GJ values. This is due to REES being measured in Gigajoules (GJ) and the ESS in Megawatt hours (MWh). When MWh are converted to GJ, they are multiplied by 3.6, with the result that, what was a little adjustment for ESS value, is a major adjustment downwards in REES value. We suggest that the Code is modified in line with the ACT Energy Efficiency Improvement Scheme (EEIS) Code, to allow for REES / SA Government to change the abatement values of other State energy efficiency schemes which may otherwise adversely affect REES values.

This change could also allow for increased REES abatement values where decreasing peak demand is of value to the SA electricity network. The major example is incentivising retrofits/replacements of low performing air conditioning and heating systems to higher efficiency heating and cooling equipment and products in homes and businesses by adding additional REES credits over and above that of other state schemes. AGL's Hardship Customer data illustrates that many of those in hardship have the most inefficient air conditioners and many of the pensioners in hardship will not turn on their devices on extreme days as they can't afford the bills. (Refer articles on AGL's blog pages: [aglblog.com.au](http://aglblog.com.au)).
  - II. AGL has asked previously if the date we assign the work to the relevant entity can be included in the output file. For instance, jobs completed 27/01/2017, uploaded by vendor 22/2/2017, approved & assigned to AGL Electricity account 06/06/ 2017. The first 2 dates are included in the output but there is no history anywhere of the date we accepted and assigned the data.

We believe that this small improvement would assist all retailers in keeping track of jobs undertaken.

- II. AGL would like to suggest that ESCOSA and the Department for Premier and Cabinet consider changing the current policy framework for REES for the treatment of priority and non-priority credits -

*From:*

- In the year when PG activities are undertaken, they are counted towards retailer targets (i.e. if we do 50,000 GJ Priority that year, they are taken off the total), but only the amount of GJ which is due in our PG target are "surrendered" (i.e. if we do 50,000 GJ PG but the % is only 30,000 GJ, then 20,000 GJ are carried over in REES R to the REES CY, i.e. "banked").
- Whilst any PG GJ over that year's target are banked, because they have been put towards the previous year's target, they cannot be put towards the overall target again – but they can be allocated against our PG % target.

*To:*

- An annual "standard" (i.e. non-priority group) target and a priority group target, with any credits achieved in a given year being 'banked' and credited at full value against future year targets.

Whilst this would have the effect of slightly increasing retailers' annual GJ requirements (as PG GJ will not be submitted towards the overall annual target), it will increase the understanding of the methodology within retailer businesses and increase internal transparency in annual target reporting and value creation.