



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

Essential Services Commission of South Australia

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Retailer Energy Productivity Scheme (REPS) Code review 2021

AGL Energy (AGL) welcomes the opportunity to make a submission in response to the Essential Services Commission of South Australia's (ESCOSA) draft decision and draft REPS Code following the REPS Code review 2021 (Consultation Paper).

AGL is committed to meeting the needs of its energy customers both now and through the transition to a net zero emissions future. AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources.

AGL has been participating in the Retailer Energy Efficiency Scheme (REES) and the REPS since 2009 and is committed to continuing to contribute to the success of the REPS as we understand its importance in helping improve the productivity of energy through demand shifting and response management capabilities, as well as improving energy efficiency.

AGL has provided its responses to the Consultation Paper questions below at **Appendix A**.

Should you have any questions in relation to this submission, please contact Leilani Kuhn (Manager Policy & Strategy) on 03 8633 6934 or myself on 03 8633 6207.

Yours sincerely,



Elizabeth Molyneux

GM Policy & Markets Regulation, AGL Energy



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Appendix A – AGL’s responses to the consultation questions

Consultation Question	AGL’s response
<p>1. Do stakeholders support amending the existing requirement to provide an information statement to include the requirement to provide the name of the obliged retailer on whose behalf the activity is undertaken prior to commencement of the REPS activity (refer clause 6.1.2(b) of the draft REPS Code at Appendix 2)?</p> <p>Please provide evidence in support of, or a preferred alternative to, that proposal</p>	<p>AGL has identified the following issues with this proposed change:</p> <ul style="list-style-type: none"> • It will be difficult for retailers to fix a dispute that they have not been party to, especially where they do not know anything about the situation as it is before anything has been installed. • Contractors often have contracts with multiple retailers as this is how they keep their prices low (economies of scale), and do not allocate activities until month end depending on targets and obligations to certain retailers. As such, under the proposed changes these contractors will need multiple Information Statements.
<p>2. Do stakeholders support the introduction of minimum standards which must be applied by obliged retailers when conducting fit and proper person assessments (refer clause 6.6.2 of the draft REPS Code at Appendix 2)?</p>	<p>AGL requires all new installers be inducted and trained (a police check, ABN and licence check as appropriate). Our third party providers are also required to provide AGL with a copy of their REPS Customer Management Plan and REPS installer training documents that are submitted as part of their annual Compliance Plan, as well as an up to date register of installers and their qualifications for all activities. AGL provides these documents to ESCOSA as part of AGL’s annual Compliance Plan. AGL believes that this is standard practice.</p> <p>Our third party contractors also do telephone audits for residential customers and telephone audits and spot checks for commercial customers.</p>



Consultation Question	AGL's response
<p>Please provide evidence in support of, or a preferred alternative to, that proposal.</p>	<p>Apart from the above, AGL is unsure how obliged retailers are supposed to assess the minimum standards outlined in clause 6.2.2(b) and (c) or provide evidence of their assessment as required by clause 6.6.3.</p> <p>In AGL's view, looking at a person's past compliance with the law, whether they are insolvent and whether they have the necessary capabilities and competence to effectively fulfil the role should be adequate in establishing whether they meet the fit and proper person test. This is also the general requirements outlined by the Clean Energy Regulator for a fit and proper person test.</p>
<p>3. Do stakeholders support the clarification of record keeping requirements, such that obliged retailers must retain actual possession of all activity records for a period of five years following the completion of the activity (refer clause 4.3 of the draft REPS Code at Appendix 2)</p> <p>Please provide evidence in support of, or a preferred alternative to, that proposal</p>	<p>AGL supports this change.</p>
<p>4. Do stakeholders support the proposal to require the provision of information to customers at the commencement of the REPS activity (rather than at the time it is performed)?</p>	<p>AGL supports this change.</p>
<p>5. Do stakeholders support the proposal that:</p> <ul style="list-style-type: none"> the existence and amount of any co-payment must be clearly 	<p>Where there is a mandatory once-off REPS contribution of \$33 per site (as with large energy users' contributions), customers must be notified from the outset of a conversation about REPS activities.</p>



Consultation Question	AGL's response
<p>communicated to the customer at the time of booking a REPS activity, and</p> <ul style="list-style-type: none"> the existence and amount of any co-payment must be clearly set out on the information statement? <p>Please provide evidence in support of, or a preferred alternative to, that proposal.</p>	<p>AGL explains this contribution on our REPS website, our internal and external agents are scripted to do this when the customer calls / requests a quote, and it is on all the applicable activity statements.</p> <p>AGL has some concerns about the proposal to require the exact 'out of pocket costs' to be provided in a standard information statement before the event, as:</p> <ul style="list-style-type: none"> This would mean that the Information Statement cannot be standardised as many sites require additional work <ul style="list-style-type: none"> Often the quote is dependent on site installation, and additional fees may be agreed by the customer and contractor during the installation. Asbestos removal is one such example, additional piping is another. If the proposed change was instituted, then every site would essentially require a pre-install visit in order to generate an accurate quote that the contractors would be held to. This would not be cost-effective, especially for hot water and/or air conditioning replacements. <p>For the reasons outlined above, AGL submits that only the mandatory \$33 should be reference on the Information Statement and Activity form for non-priority group households, not the exact and complete quote.</p>
<p>6. Do stakeholders support the administrative amendments proposed to the Code?</p> <p>Please provide evidence in support of, or a preferred alternative to, that proposal.</p>	<p>a) Removal of clauses 2.2, 3.1 and 3.2.</p> <p>We acknowledge that the new REPS registry does give a level of comfort about what individual retailers have submitted to targets. However, in the past, what has been in the Registry and the final Commission Determination have not always been the same. This is possibly due to rejection of activities without our knowledge, or the Registry has not shown the correct numbers.</p> <p>We would therefore propose that the end of year reporting from ESCOSA is retained – with any potential under or under target achievements (including the carryover %) communicated to retailers by ESCOSA no later than 15th January when there is still time to possibly rectify any submission errors.</p> <p>b) Code Removal of clause 2.2.</p> <p>This removes the latest date for ESCOSA to notify obligated retailers of their REPS targets for the following year. AGL submits that this should be retained for clarity and transparency purposes.</p>