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13 May 2025

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Submitted via webform: https://www.aemc.gov.au/contact-us/lodge-submission

National Energy Retail Amendment (Improving consumer confidence in retail energy plans) Rule 2025

AGL Energy (AGL) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) *Improving consumer confidence in retail energy plans* Draft Rule Determination (the Draft Determination), dated 27 March 2025.

AGL affirms its commitment to upholding strong customer pricing outcomes, vigorous competition in the energy retail industry and amplifying consumer agency to choose the energy products that meet their energy objectives. The success of the reforms will depend on the AEMC's ability to adequately balance consumer pricing and contracts protections while maintaining incentives for retailers to innovate and compete on price and respond to the evolving needs of consumers. It is critical that the AEMC's final position enables, rather than constrains, the development of products and services that deliver genuine value to consumers in the long-term not just the short-term.

In relation to the four components of the rule change, AGL's high-level positions are:

1. **Improving protections for customers on contracts with benefits that expire or change**: AGL fully supports the introduction of a clear and effective mechanism to protect customers whose benefits are removed or changed. However, the proposed solution represents a form of regulated pricing without proper consideration of the broader implications of doing so. Instead, AGL proposes more effective and targeted alternative solutions. Furthermore, AGL does not support the AEMC's proposed removal of r. 115 – '*Disconnection for non-identification of move-in or carry over-customers'* in its entirety.
2. **Removing unreasonable conditional penalties**: AGL supports the changes to conditional discounts for legacy contracts, however, the proposed advanced notice requirements should be relaxed to improve the customer experience and reduce operational and costs pressures of notifying customers.
3. **Restricting fees and charges**: AGL supports removing certain fees and charges for vulnerable customers but does not support the proposal to ban retailers from passing through regulated special meter read fees for customer move in/move outs.
4. **Restricting price increases under market retail contracts**: Further amendments to the *Restricting price increases for a fixed period* rule change are required to allow for the degree of flexibility intended by the AEMC in the Draft Determination. As it currently reads, changes to fees could interfere with the retailer's ability to choose any day in July to increase market retail prices. We also consider that a 20-day advance notice period for the July price change to be unworkable.

Implementation Timeframe

AGL is pleased that the AEMC has been reasonable and pragmatic with respect to the implementation timeframes for these four reforms. If the AEMC progresses the rule changes in their current drafting (specifically the *Improving protections for customers on contracts with benefits that expire or change* and the *Preventing price increase for a fixed period rules*), then AGL proposes that the commencement date be extended to 31 July 2026, rather than 1 July 2026.

Operationalising these rule changes will require retailers to reprice some existing customer contracts to the standing offer or below. Noting the delays in the release of the Default Market Offer (DMO) and proposed 20 business day notice requirements for price changes, a 1 July commencement date creates significant and avoidable resource and labour spikes in workload for retailers. Even with current 5 business days advanced notice of price change, there would be insufficient time to analyse and determine which accounts are priced above the standing offer and then create and issue communications to impacted customers.

About AGL

At AGL, we believe energy makes life better and are passionate about powering the way Australians live, move, and work. Proudly Australian for more than 185 years, AGL supplies around 4.5[1] million energy, telecommunications, and Netflix customer services. AGL is committed to providing our customers simple, fair, and accessible essential services as they decarbonise and electrify the way they live, work, and move.

AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a lower emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at vkalpakidis@agl.com.au.

Yours sincerely,

Liam Jones

Senior Manager Policy and Market Regulation

AGL Energy

[1] Services to customers number as at 31 December 2024.

Appendix A – AGL's Feedback on Draft Determination

1. Improving protections for customers on contracts with benefits that expire or change

1.1 Summary of AGL Position

- AGL understands and agrees with the problem statement that underpins this component of the rule change request – there is a need to protect disengaged consumers who may be exposed to energy costs higher than standing offer prices at the time a benefit change occurs.
- The proposed solution, while well-intended and largely effective at responding to this problem statement, has flow-on consequences and implications that necessitate modifying the AEMC's approach.
- AGL disagrees with the retrospective application of the mechanism to capture all customers who have ever had a benefit expire under their market retail contract, even prior to the commencement of the rule change and the ongoing restriction of the price allowed to be charged under that contract to less than the standing offer pricing (but on market contract terms and conditions). Due to the retrospective and ongoing nature of the change proposed, many energy consumers would fall under this rule.
- In effect, this leads to a regulated price ceiling for many electricity and gas market customers. However, such a move towards extensive price regulation requires a broader review of the pricing framework to ensure the right protections are in place.
- Instead, AGL recommends either of the following two alternative approaches to address our concerns whilst simultaneously addressing the problem statement:
    - that the rule be amended to apply only to contracts that have a benefit change *on or after* 1 July 2026; or
    - in the alternative, the standing offer price limit can apply from the end of the fixed benefit period (or the commencement of the rule change for contracts where the fixed benefit period expired in the past), but the retailer is permitted to change the customer's price in accordance with normal market contract price fluctuations at the next regulated price change event for market contracts i.e. July price change window.

1.2 Protections for customers on fixed benefit plans

AGL fully supports the introduction of a clear and enforceable rule to protect customers who would be exposed to prices above the standing offer at the time that a benefit change occurs. AGL is currently transitioning its legacy customer base off old plans with benefits. Consistent with consumer expectations, AGL does not engage in the practice of moving these customers onto plans with rates that exceed standing offer rates at the time of the benefit change or expiry.

As a general opening observation, AGL notes that regulatory reforms that aim to expand regulatory pricing beyond standing offer contracts, either directly or indirectly, require significant policy considerations including having regard to the purpose of the Default Market Offer (DMO) and how these pricing decisions should impact the market. In particular, under the current Commonwealth regulations, the *Electricity Retail Code* must not be altered or undermined through separate state based legislative instruments administered by the AEMC.

The DMO regulatory pricing framework has a clear purpose to regulate *only* standing offer contracts. The purpose of the regulations expressly excludes the application of the price cap to market contracts. Any decisions to alter this regulatory purpose must be carefully considered in the context of this legislation.

Outlined below are specific areas that must be addressed by the AEMC to address potential implications of this rule on the outcome of DMO regulatory framework. Failure to clarify these points will likely result in the rule having unintended regulatory implications and direct inconsistencies with Commonwealth regulations regarding the DMO framework.

1.3 Retrospective application of the rule

AGL has concerns that the proposed solution applies retrospectively insofar as it would capture or apply to contracts that had fixed benefit period changes in the past (in addition to prospective changes). By capturing retrospective contract scenarios, retailers will be prevented from taking pricing decisions and implementing strategies that fully consider the implications of these scenarios, resulting in a disproportionate level of price risk.

The AEMC's position here is also at odds with that previously taken by it in the '*Regulating Conditional Discounts'* Final Determination. The AEMC emphasised the importance of regulatory certainty for industry and that a gradual transition of the customer base was preferable from an operational and compliance perspective. The AEMC also highlighted that prospective application of the rule supported a stable regulatory environment[2]. We urge the Commission to uphold its commitment to good regulatory practice and forward-looking policymaking by reversing its decision for this rule to apply retrospectively to existing contracts. Similarly, in its 2020 final determination on *Ensuring energy contracts are clear and fair*, the ESC opted for prospective application of their benefit period rule "as a more pragmatic way of delivering (the) overarching policy intent".[3]

AGL maintains that this rule should only apply to *prospective* benefit changes from the commencement date, an approach which is more operationally feasible and consistent with good regulatory practice (refer to Section 1.5 below for AGL's alternative recommended solutions).

1.4 Standing offer market price cap for fixed benefit plans

The proposed solution has the effect (intended or otherwise) of instilling standard offer pricing as a price cap on market contracts with fixed benefit periods. Pursuant to the draft r. 48C, retailers are required to limit the prices that customers pay to the standing offer prices (or less) if the customer is on a market retail contract where the benefits expire (or have previously expired) before the contract ends. While this revised rule change is preferable over the initial version proposed in the '*Changes to energy retail contracts*' Consultation Paper, if it is indeed the AEMC's intention that the standing offer acts a price ceiling for fixed benefit contracts in the NECF, then this rule change may have a significant impact on a significant portion of AGL's NECF portfolio of approximately 2.4 million customers.

Accordingly, AGL does not support the proposed rule change in its current drafting as it represents a substantive departure from the current regulated pricing policy in the NECF and goes beyond putting in place protections to limit the perceived "loyalty penalty" that the AEMC and the proponent are seeking to address. AGL reiterates that we support additional consumer protections for fixed benefit period contracts, however, the AEMC has not (or cannot) adequately considered the full scope of the impacts on the energy market, and diversity of energy products.

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[2] In its Regulating conditional discounting, Rule determination, 27 February 2020, p30 the AEMC stated that: "*Given that consumers would ordinarily see their rates and/or contracts varied at the end of a benefit period, the Commission's approach to applying the rule* [prospectively] *enables a smoother transition into compliance. This approach also supports retailer certainty and a gradual transition of their consumer base*."

[3] Essential Services Commission, *Ensuring contracts are clear and fair*, Final Determination, 28 February 2020, p 50.

Of particular concern to AGL is the catch-all wording of the new Rule *48C – tariffs following benefit change* which may have the effect of capturing *all* customers who historically had a benefit expire or change at some point in their customer lifecycle. The Draft Rule does not specify any time or scope limitations as to when the fixed term benefit may have expired for this rule to be enlivened. A strict interpretation of the rule suggests that there are no exclusions or exemptions in circumstances where the customer may have had a fixed benefit plan at some point in time but has since changed energy plans or had successive price changes in the interim. Further, as the rule change does not specify how long a retailer must keep the price below standing offer prices after the benefit has expired, the outcome could be that the standing offer becomes a perpetual or ongoing price cap for all energy customers who have ever been on a fixed benefit period under their market retail contract.

If this is the AEMC's intention, then it oversimplifies and understates the complexities of pricing energy retail contracts. The regulated price is rudimentary; it is a simplification of a complex array of customer offerings and, therefore, does not reflect the true pricing arrangements that exist through market retail offers. To tie a significant portion of all market contracts to this rudimentary regulated price undermines the necessary flexibility for retailers to take into account complex cost drivers associated with these various product offerings in the market. Some of these products in market are not easily reconciled with the standing offer contract structure due to the targeted product offerings to certain customer types. AGL anticipates this will undermine the flexibility needed for retailers to reflect the efficient and targeted price signals for these product types.

In practice, this rule change is likely to mean that retailers will either discontinue to offer fixed benefit contracts which will lead to a contraction in product offerings and competition in the market. Alternatively, retailers may elect to terminate the customer's market retail contract in its entirety and place them on a Standard Retail Contract arrangement to avoid a mismatch of market retail terms and conditions and the standing offer prices. This is the outcome that the AEMC wanted to avoid with the initial rule change proposal.

1.5 AGL's recommended fixed benefit change solutions

Having regard to the issues outlined above, AGL strongly recommends that the AEMC consider revising this rule to a more preferable solution that strikes the balance of addressing the proponent's problem statement that non-engaged customers pay a higher price or loyalty fee after a period,[4] without causing undue detriment to retailers. AGL recommends:

a. *Preferred alternative solution*: removing the retrospective application of this rule so that it only applies *prospectively* to contracts with a fixed benefit period change occurring *after* the commencement date; or

b. *Secondary alternative solution*: should the retrospective application persist, modifying the perpetual nature of the change by allowing that customers captured by this rule change can be repriced through subsequent price change windows in accordance with normal market retail contract price change requirements.

1.6 Relationship with the 'Preventing price increases for a fixed period' rule change

The AEMC will need to adequately consider the implications of the *Preventing price increases for a fixed period rule change* and the impact that the 20-business day advance notice requirement for price changes to market retail customers captured under this rule. Retailers need further guidance as to how this rule change would apply in the event of a DMO price reduction that is effective from 1 July on any given year. In this scenario, a DMO price decrease would mean that once the DMO Determination is published by the AER, retailers would need to assess former fixed benefit market offer customers captured under this rule in light of the reduced

[4] ECMC, *Ensuring energy plan benefits last the length of the contract*, rule change request, p5.

DMO and provide these customers with 20 business days' notice of the price change which would be virtually impossible based on the proposed timeframe. This will compromise the ability of retailers to comply with either rules by potentially having the relevant customers priced higher than the standing offer after the 1 July effective date or, in the alternative, by not providing sufficient notice of the price change to give effect to the reduction.

1.7 Disconnection for non-identification and carry over customers

As part of the *Improving protections for customers on contracts with benefits that expire or change*, the AEMC is proposing to remove *Clause 115 - De-energisation for non-notification by move-in or carry-over customers* and prohibit disconnections of energy supply under this provision. While AGL supports additional protections from de-energisations for carry-over customers, in practice, instances of retailers de-energising known carry-over customers under this provision are uncommon. AGL does not de-energise carry-over customers for failing to enter into another contract for the sale and supply of energy. There are alternative, less punitive methods for retailers to prompt engagement or move the customers to a new contract, for example, customers can be placed onto a Standard Retail Contract, or the retailer can elect to extend the term and conditions/duration of the customer's original contract.

AGL does carry out de-energisations for non-identification for unknown move-in customers for failing to establish an agreement for the sale and supply of electricity and/or gas with AGL or any other retailer within the prescribed timeframe. The ability to de-energise unidentified move-in customers is an important engagement tool for retailers and is used only under specific circumstances.

At the core of contract formation is the identity of the parties subject to the agreement. There are many reasons why individuals, businesses and other organisations must identify themselves and establish an account for the sale and supply of gas and/or electricity, such as:

a. Retailers have shared obligations with distributors to provide contact details and other information relating to the customer/accountholder for the purposes of planned and unplanned interruption and emergency management.

b. Occupants should identify themselves to advise their retailer of any life support equipment or sensitive load requirements at the premises. Retailers and distributors have comprehensive obligations under the National Energy Retail Rules (NERR) in relation to life support equipment.

c. Unknown move-in customers purchase energy under a *deemed retail contract* (being a Standard Retail Contract) meaning that they are often paying the higher standing offer price compared to a retailer's more competitive market offer.

d. If an unknown move-in customer ceases paying their energy bills, there is limited recourse for retailers to collect debt, especially if the occupant moves premises. It may be virtually impossible for the retailer to ascertain the identity of the responsible individual or organisation at the time that the energy debt was accrued. The alternative de-energisation for non-payment pathway would not be effective in this instance as it would require the retailer to undertake certain actions and contact attempts which rely on the customer's identity being known.

AGL also notes that the Victorian Electricity and Gas Industry Acts permit energy retailers to de-energise carry-over customers in circumstances where the relevant customer refuses or fails to take appropriate steps to enter into a supply and sale contract with the retailer or exempt electricity seller.[5]

[5] Electricity Industry Act 2000 (Victoria), s 40SO; Gas Industry Act 2001 (Victoria), s 48DS.

AGL recommends that the AEMC remove the references to 'carry-over customers' appearing in the title and subclause 115(1) and retain the rest of the provision pertaining to disconnection for *non-identification of a move-in customer.*

1.8 Potential changes to the Benefit Change Notice Guideline

The AEMC has asked the AER to consider if any further exemptions, or changes to existing exemptions, are required under the Benefit Change Notice Guidelines to meet the intent of the draft rule in protecting disengaged consumers. However, AGL could not identify any specific sections in the Benefit Change Notice Guideline which could interfere with the draft rule and that would require revision by the AER.

AGL further notes it would not be appropriate, desirable or necessary to amend the definition of 'benefit' itself as this could signal a significant programme of work for retailers to revise the entirety of their product portfolio. We understand that the AER intends to consult on the Benefit Change Notice Guideline later this year.[6]

Changes to retailers' regulated customer-facing material, such as price and contract-related communications, are a sizeable undertaking and require a substantial expenditure of time, resources and labour. It would be preferable for retailers to use the existing price and benefit change communication requirements rather than introduce new ones specifically to inform customers of this change.

2. Removing unreasonable conditional penalties

2.1 Summary of AGL Position

- AGL supports the proposed approach of honouring conditional discounts for legacy contracts, irrespective of whether the customer meets the condition relating to that discount.
- There is an opportunity to improve the way the change is communicated to customers and the AEMC and AER should explore alternative, simpler, more consumer-centric and cost-effective communication methods.

2.2 Proposed Solution

AGL supports the AEMC's proposed transitional approach in this rule change requiring retailers to honour the conditional discount regardless of customer payment behaviour. The Draft Determination puts forward a more preferable rule compared to the original idea of altering discounts and rates to reasonable levels. [redacted]

Confidential information has been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA) and sections 223 and 268 of the National Energy Retail Law

2.3 Notification Requirements

However, the proposal to provide advanced notification that a conditional discount will be guaranteed in the format of a Benefit Change Notice creates unnecessary operational complexity and cost pressures for retailers while there exist more effective ways to provide affected customers with a simple and clear communication. AGL believes that while retailers should provide impacted customers notice of the change, there should be greater flexibility granted in terms of how and when this notice is given, to ensure that it is simple, easy to understand and conveys the key message effectively.

[6] AER is reviewing four retail guidelines in 2025 and 2026 | Australian Energy Regulator (AER)

Such flexibility is further supported by the fact that Bill Plan Summaries already provide customers with the details of any discounts they are eligible for, so would also contain information displaying that the customer now has a guaranteed (as opposed to conditional) discount.

Retailers should be permitted to inform the customer through alternative methods of communication such as through SMS, Apps, push notifications, bill change alerts, bill messages / inserts or any other way that reflects customer preferences.

3. Restricting Fees and Charges

3.1 Summary of AGL Position

- AGL is supportive, in principle, of waiving 'ancillary fees' for 'vulnerable customers' but encourages the AEMC to further consider the definitions of these two terms.
- AGL does not support the prohibition on passing through special meter read move-in/move-out fees and strongly believes that a 'user-pays' model is more appropriate and equitable for fees of this type.

AGL generally supports the mechanisms through which the AEMC intends to give effect to this rule change. Specifically, AGL agrees with the AEMC's position that vulnerable customers should not incur ancillary fees and charges, and that fees and charges should be cost reflective for all other consumers. AGL also supports improved transparency and consistency in presentment of ancillary fees in Basic Plan Information Documents (BPID), with the caveat that specific guideline requirements must be communicated with sufficient notice to allow retailers to amend all factsheets across their portfolio. AGL makes minor recommendations below to support easier operationalisation of the rule for retailers.

AGL is disappointed by the AEMC's continued prohibition of special meter read move-in/move-out fees and the resulting cross-subsidisation of these fees by all NECF consumers.

3.2 Definition of Vulnerable Customer

The definition proposed under the new Rule 52A could inadvertently capture a broader range of customers than originally intended by the AEMC:

- **52A(2)(b):** Refers to a customer referred to in rule 33(1)(b) of the NERR, being a customer who has informed the retailer by telephone or in writing that they may be experiencing payment difficulties. Through this definition it is difficult to ascertain whether the payment difficulties are short-term or episodic and does not necessarily indicate that the individual is experiencing vulnerability. A customer advising the retailer of their payment circumstances may be simply in the context of seeking an extension of time to pay their energy bill. For the avoidance of doubt, this rule should apply to customers who have entered into hardship or a payment arrangement, for the duration of that arrangement.
- **52A(2)(c):** Customers receiving a rebate, concession or relief under any government funded energy charge rebate, concession or relief scheme are captured in this definition. However, if strictly interpreted, could include customers receiving the Energy Bill Relief Fund which is not an indication that an individual is experiencing vulnerable circumstances. AGL recommends to adopt the wording under Section 3 – Definitions – acceptable identification of the NERR to refer to customers who are registered with their retailer as holding "*a Pensioner Concession Card or other entitlement card, issued under the law of the Commonwealth or of a State or Territory*".

3.3 Definition of Ancillary Fees

The Draft Determination does not specify which fees and charges are taken to be ancillary fees for the purposes of compliance with the new rule and instead applies to "any fees or chargers other than the energy rate". AGL considers that the broader-than-intended definition will unintentionally capture any fees from networks and meter coordinators (beyond the special reads contemplated in this rule change) - including, alternations to meters, abolishment of gas supply, after-hours re-energisations, new connections and truck site visits, including wasted truck fees as well as GreenPower and other optional product bolt-ons that sit outside the definition of 'energy rate'. All of the aforementioned fees could be construed as ancillary fees under the NERR.

To ensure that retailers have regulatory certainty and customers experience a consistent application of this rule across the industry, AGL recommends that the term ancillary fees be explicitly defined in NERR to be:

a. Paper bill fees;

b. Over the Counter fees;

c. Merchant Services fees for card payments; and

d. Late Payment Fees.

3.4 Special Meter Read Fees

AGL maintains that a 'user-pays model' where the cost is apportioned to the customer requesting the service is the more equitable and appropriate approach. Consistent with our response to the initial *Changes to energy retail contracts rule change*, this is still AGL's preferred position as the proposed ban on special meter read fees could have an adverse impact on how retailers absorb or redistribute the regulated network fees and associated operational costs of processing move-in/move-out requests.

The AEMC will be aware that each distribution business operating in the NECF may have their own distinct approach with respect to the treatment and naming convention of special meter reads. For example, in its Annual Pricing Proposal 2024/2025 to the AER[7], SA Power Networks offers both 'Special meter read visit – normal hours' and 'Special meter read visit – after hours' at a cost of $18.46 and $124.02, respectively. In its Ancillary Network Services schedule, Essential Energy uses distinct categories for "Move in/move out read" versus "Special meter read (incl wasted visit)". [8] Ausgrid charges 175% of the fee for any ancillary network service incurred outside of business hours, including special meter reads and re-energisations/de-energisations.[9]

This illustrates that each network has a distinct approach to how it recovers fees of this nature. In order to provide true and accurate gauge of the financial impact to industry and consumers as a result of this rule change, the AEMC will need to review each network's prescribed schedule of ancillary fees and clearly identify the categories of special meter read fees it wishes to ban. Without this degree of specificity, AGL can only provide a high-level estimate ranging between $10 to 20 million in fees incurred annually in the NECF for both electricity and gas. The question of whether the AEMC intends for re-energisations/de-energisations to be captured as part of this rule change help determine the materiality of the impact to consumers' bills. The other considerations pertinent to this rule change are:

- **Regulated Fees:** The AER regulates the charging of fees by networks to retailers and it would be inequitable to then prohibit retailers from passing on these fees to customers who incur these fees. Specifically, Clause 6B.A3.1(a) of the National Electricity Rules prohibits distributors from recovering

[7] SA Power Networks, Annual Pricing Proposal, April 2024 p 83.

[8] Essential Energy, Price Schedule for Ancillary Network Services, 1 July 2024, p9.

[9] Ausgrid, Alternative control services fee schedule for the financial year ending 30 June 2025, p 3-4.

charges from a retailer if the retailer is not permitted to recover network charges from the shared customer.

- **Re-energisations/De-energisations for move-in/move-outs:** The AEMC will be aware that some jurisdictions de-energise the supply of electricity after the occupant moves out, requiring a re-energisation of the site when a new customer moves in. Queensland, for example, has unique requirements for a visual inspection prior to reconnection of electricity supply. While this rule change refers specifically to special meter read fees, a meter read is also taken at the point of re-energisation/de-energisation of these sites. This meter reading is then used by the retailer for the purposes of starting a new, or ending an existing, retail contract with the customer. The AEMC will need to provide clarity as to how it expects retailers to treat re-energisation/de-energisation service order requests, specifically, whether they are within or outside of the scope of this prohibition.
- **No access**: In circumstances where the distributor is unable to the read the meter at the customer's premises (which could occur due to a variety of reasons), 'no access' or wasted site visit fees should be chargeable to the customer requesting the service. It is important that the NERR wording does not mandate more broadly that such fees are expected to be absorbed by the retailer.
- **Default Market Offer:** If the AEMC continues to progress with the ban on special meter read fees, then, in the case of electricity, these costs will need to be accounted for in DMO calculation
- **Equity:** special meter read fees differ based on the geographical location, smart meter status and time of service order request, with some fees markedly higher than others. AGL considers that a user-pays model is a more equitable approach which does not require all customers to subsidise the cost of a move in/move out special read service order request which some customers may use repeatedly throughout their lifetime, while other customers may not request at all.
- **Broad application:** the wording of the 52A(3) is broader than the move-in/move-out scenarios intended and would also capture insitu transfers where it is common practice, especially for gas to raise a special read for the initial transfer.

4. Preventing price increases for a fixed period

4.1 Summary of AGL Position

- Notwithstanding some reservations about this chosen solution, AGL supports allowing retailers flexibility to enact a price change on any date within the month of July.
- The rule change should only apply to price increase for energy rates and should exclude fees and charges due to incompatibility with other regulatory obligations.
- The proposed 20 business day price change notice period is unworkable in the context of dependent timings in the DMO process and instead, the status quo should be maintained.

4.2 Price changes

While AGL believes that a more targeted approach to address specific outlier behaviour in the energy retail industry would have better addressed the proponent's problem statement, AGL welcomes the flexibility to enact a price change on a date of the retailer's choosing within the month of July. AGL has previously raised that the Victorian 'price certainty' regulations put significant operational pressures on retailers with respect to timing of the release of the Victorian Default Offer by the ESC and the ability to notify millions of customers en masse within the prescribed notification period. While it is important that customers have certainty and are

aware as to when their energy prices might change, this needs to be balanced against the significant costs that any type of regulatory change of this scale will incur.

While AGL is supportive of the timing of variations to tariffs, charges and fees to happen on "a single date within the month of July", other proposed components of this rule change interfere with how retailers can carry out price changes under this rule which AGL details below.

4.3 Fees and charges

The AEMC will be aware that for the purposes of a price change event, fees are considered as charges, and therefore, under r.46 of the NERR and the SRC Model Terms, a retailer must comply with all necessary obligations associated with a price change event. The AEMC will also be aware that any changes to fees (for example Merchant Service Fees which are reviewed and revised at certain intervals by the Reserve Bank of Australia) must apply uniformly to all customers at the same rate, at the same time. Retailers cannot impose certain fees at one rate for one segment of customers and at a different rate for another segment of customers. In the context of the proposed rule change, this means that if energy prices and charges can only increase once a year, all fees will have to change on the same day for all market contract customers because of the fact that fees are defined as a price. Further, the fees must be set at a consistent rate for both Standard and Market Retail Contract customers, meaning that the date of the price increase would actually have to be 1 July for all customers if their fees are also increasing that year.

AGL strongly recommends that 'fees' are explicitly excluded from the scope of this rule change, and that it only applies to price increase of energy rates.

Similarly, given that the AEMC is proposing that Solar FIT rates also be subject to the "single date in July" restriction, there are other scenarios that we believe should be excluded from the "single date" rule. For example, for customers on the QLD Solar Bonus Scheme, FIT rates will change on 1 July 2028. To comply with the "single date" rule as drafted, retailers would be forced to align overall price changes to this 1 July date to remain compliant.

4.4 Potential scenarios

To illustrate the complexity of managing price change events, AGL puts forward two distinct scenarios for customers on different types of plans subject to this rule change, for the AEMC's consideration:

- **Scenario 1.** A customer joins a retailer on a 12-month Fixed Term Contract, the rates of which may be variable or fixed. At the end of that Fixed Term Contract, the customer is moved to the Standing Offer, resulting in a price increase. Later that same year, in July, the Standing Offer prices increase. Would this scenario be permitted as strictly speaking the customer has experienced two price increase within a 12-month period, but this is due to the fact that their original contract ended on a pre-agreed date?
- **Scenario 2.** A customer joins a retailer on a 12-month Fixed Price plan that has an ongoing contract. At the end of the 12 months, the customer moves onto a variable rate energy plan, resulting in a price increase. Later that same year in July, the variable prices of their new plan increase. Would this scenario be permitted? If not, the consequences are that Fixed Price offers outside of a Fixed Term Contract are unlikely to be offered going forward in the market as it becomes difficult for retailers to ever depart from an ongoing rolling cycle of 12-month fixed price energy plans.

4.5 20-day notification of price change

AGL is concerned about the proposed 20 business days' notice of a price change which, as we understand, will apply to all notifications of a price change, whether it is an increase or a decrease to the customer's rates. The AEMC will be aware that due to the late release of the AER's annual DMO Determination, which is typically

made available in late May, even under the current 5 business day advanced notice of price change requirements, retailers experience serious timing constraints and operational pressures to finalise the new tariffs, update their billing system, Apps, landing pages and customer-facing agent scripting, and trigger the customers communications (noting the Australia Post delivery timelines for customer's receiving paper bills).

In order for this rule change to be feasible, the AER will need to make the DMO available to retailers no later than 1 May each year. As this is unlikely to eventuate, AGL strongly recommends retaining the current advance notification requirements as they are.

4.6 Sample 1 July price change scenario under the proposed rule

- **1 July:** Price change takes effect
- **By 1 June**: To meet the 20-business day advance notice requirements, AGL customers would need to have received their price change communications by this date (for a 1 July implementation date) through their preferred method of communication
- **By 22 May:** AGL would need to send out price change letters to all customers no later than 22 May to allow for approximate 7 business days postage (Australia Post estimates interstate delivery is 4 to7 business days).
- **By May 12:** AGL commences issuing price change letters. Due to the sheer volume of communications to be sent, price change communications need to be staggered over a minimum of 10 business days (assuming we can generate quarter of a million emails / letters per day – which is ambitious based on current constraints).
- **1 May:** AGL commences updating its systems with DMO information. AGL needs at least 7 business days to enter the final DMO information into the billing systems, undertake quality and testing, and update reference price information in order to enable the price change communications to be sent out. This is almost one month before the final DMO is typically made available.

4.7 Definition of price increase

AGL currently interprets "price increase" to mean that any component of a customer's rate is increasing. However, what we have found is that whilst one component of a customer's tariff might increase, other components might decrease leading to an overall estimated annual bill decrease based on last 12 months usage.

Because of the opaque way the rules are currently drafted, a retailer may choose not to pass such a price change through to a customer during the year, for fear of being non-compliant. This would ultimately disadvantage the customer.

AGL recommends that the AEMC define in the NERR that a "price increase" is when the customer's estimated annual bill would increase overall based on a combination of their tariff and last 12 months usage.

4.8 Exemptions

AGL is again urging the AEMC to reconsider its narrow exemptions criteria for this rule. A number of exclusions in addition to those already proposed under rule are appropriate and necessary in this context to ensure that the rule operates as intended and to the customer's benefit:

> *Retailer tariff reassignment:* Under the new rule 46AA - *Timing of variations to tariffs, charges and fees*, only two exemptions to the rule are permitted, including that retailers can only pass on an increase to a tariff or charge that is a direct result of a tariff reassignment by the distributor pursuant to clause 6B.A3.2 of the NER.

This narrow criterion creates tension with the AEMC's own Accelerated Smart Meter Deployment rule which allows retailers to vary the customer's tariff structure following a meter exchange with relevant notice and by capturing the customer's explicit, informed consent to do so. While this tariff variation is permitted under clause 2(1) of Schedule 3 Division 4 of the National Energy Retail Amendment (Accelerating smart meter deployment) Rule 2024 No.6, under the current rule change, retailers would be unable to give effect to this variation more than once a year if the overall outcome is that the customer's prices increase under the new tariff.

This exemption could also include the ability for retailers to align the customer's tariff to the network tariff where they have been historically misaligned. This is a relatively common scenario where the network tariff reassignment is not passed through to the customer at the time.

AGL recommends that the AEMC introduce another exemption category to cater to the above scenario/s where the customer requests a tariff variation, and the retailer captures the customer's EIC to do so.

GreenPower: GreenPower is a voluntary, government-accredited attribute and does not constitute a benefit or a tariff component of the underlying energy contract. GreenPower is an add on, which, in practice, is always displayed as a separate line item and can be removed at any time without an exit fee; customers therefore already have complete visibility and control. GreenPower is an elective, environmental contribution that aligns with Commonwealth Government's decarbonisation policies and ambitions. Regulating or capping it conflicts with the goal of expanding voluntary renewables (as outlined in the National Energy Transformation Partnership).