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Getting to Fair: Advancing Equity strategy consultation

AGL Energy (AGL) thanks the Essential Services Commission (the Commission) for the opportunity to comment on its '*Getting to Fair: Advancing Equity*' Strategy dated 18 December 2025.

AGL congratulates the Commission on the next iteration of the '*Getting to Fair: Advancing Equity'* Consumer Vulnerability Strategy (the Vulnerability Strategy), which builds on the strong foundation established by its predecessor '*Getting to Fair: Regulating with consumer vulnerability in mind*. We recognise the Commission's enduring focus on consumer vulnerability in the industries it regulates and the strong leadership it continues to demonstrate in driving sector-wide improvements that support equitable access to essential services and better outcomes for customers affected by vulnerable circumstances.

As one of the largest providers of essential services in Australia, AGL has a longstanding history of providing meaningful support to our customers experiencing vulnerability and a deep commitment to helping all Australians to meet their energy needs and objectives in a way that is respectful, dignified, fair and simple. AGL's Customer Council Open Letter 2025 affirms AGL's alignment with the Commission's vision for the evolving energy system that "People, equity, and fairness must be at the heart of the energy transition" and that all consumers have a right to participate and reap the benefits of the energy transition and the future state of the energy markets.

AGL broadly supports the Commission's proposed multi-tiered approach for addressing vulnerability in the essential services, including the overarching goal, the supporting pillars, themes, and priority actions. We do, however, note the Commission's continued shift in recent years away from its traditional role as an economic regulator toward a more 'socially' oriented regulatory approach. While we recognise the policy context in which this evolution is occurring, it is critical that the Commission continues to appropriately balance evidence-backed and data-driven policy settings with anecdotal evidence, lived experience and qualitative data to inform its decision making. Maintaining the Commission's strong economic foundation will ensure that policy development and enforcement action remain proportionate, transparent and effective across the industries it regulates.

We hope that the Commission's Vulnerability Strategy will provide a constructive foundation for genuine collaboration and shared responsibility across the essential services, the various levels of government, policymakers, other regulators and consumer groups to effect real and meaningful change for Victorians. The Vulnerability Strategy should be used constructively to guide the Commission and, by extension, the services it regulates towards best practice principles, effective engagement and meaningful supports for customers experiencing vulnerability, rather than being used to rationalise further regulatory intervention or overly punitive enforcement action.

Getting to Fair: Advancing Equity strategy

Definition of consumer vulnerability

AGL supports the Commission's definition of 'consumer vulnerability' which is consistent with AGL's own approach to supporting our customers experiencing vulnerability.[1]

AGL understands the Commission's draft Vulnerability Strategy is intended to be industry-agnostic and frame consumer vulnerability as a broad, fluid concept. However, in order to deliver tangible support, the energy retail sector must typically segment vulnerability into defined categories (for example, financial hardship assistance, family violence protections, and life support registration). As the industry understanding of consumer vulnerability continues to grow, is there an inherent danger that the definition will become so broad and nebulous that it ultimately loses its impact? If vulnerability is framed as all-encompassing and by extension, all customers are effectively vulnerable or at risk of becoming vulnerable, it becomes difficult to determine how and where to draw distinctions between customers requiring tailored interventions and those who do not.

Further, although the Vulnerability Strategy applies to the Commission at an organisational, rather than consumer facing level, we question whether the academically framed definition of vulnerability is simple and accessible for a portion of consumers. We encourage the Commission to include a plain-English, simplified, and accessible version of the definition in the final Vulnerability Strategy.

The Commission's Goal

AGL generally supports the overarching goal proposed in the Vulnerability Strategy to "promote just outcomes and equitable access to essential services for all Victorians, today and tomorrow" (*see discussion under 'Just Outcomes' below*). The scope of this goal is consistent with the Commission's objective under the Essential Services Commission Act to promote the long-term interests of "*all* Victorian consumers". In pursuing just outcomes and equitable access, the Commission should consider how its objective under the Vulnerability Strategy aligns with the objectives under the ESC Act and the matters that the Commission must consider with regard to price, quality and reliability of essential, as well as the extent to which these concepts are or are not the same.

AGL interprets the Commission's goal to mean that measures to support consumers experiencing vulnerability should be implemented in a way that remains fair and proportionate for all customer cohorts, so that that the policies and regulatory frameworks established today deliver just and equitable outcomes for all Victorians in the long-term. This has emerged as an important theme during this energy transition and recent influx of consumer-focussed energy reviews and reforms across the National Energy Market (NEM).

Just outcomes

The concept of 'just outcomes' however well-intentioned is inherently subjective. Outcomes that may be considered 'just' for some customer cohorts, such as the electrification of our energy system or prolonged debt freezes, could be unfair for other segments of customers who ultimately wear the cost of bad debt or stranded gas network assets.

Similarly, in the context of energy efficiency schemes, rebates and solar certificates, non-CER customers disproportionately bear the cost of government energy programs, because they are recovered via bills, not taxes. Simply shifting costs from one group of customers to support others does not in and of itself create

[1] In 2025, AGL launched its internal Vulnerable Consumer Policy to equip our staff with the knowledge and tools to deliver better support to customers experiencing vulnerable circumstances.

just outcomes for all Victorians. For outcomes to be genuinely just they must also be pragmatic and grounded in operational reality while balancing fairness with affordability, efficiency, and sustainability across the broader customer base. In this context, it is important to acknowledge the practical limits of regulatory design and whether the Vulnerability Strategy can deliver outcomes where all consumers benefit equally or access programs on the same terms.

Flagship Frameworks

First Nations Self-Determination Framework: AGL welcomes the Commission's focus on First Nations peoples but note that it has not yet identified what role the essential services industries will play in the development and application of this framework. For example, will it focus on consumer outcomes or engagement with First Nations communities? While there is guidance on engagement with First Nations communities in energy generation and transmission, comparable guidance is lacking for the energy retail sector, meaning there is a knowledge gap around the types of support measures that resonate with First Nations communities and how this support can be delivered effectively and meaningfully.

Energy Justice Framework: AGL is keen to learn more about the proposed Energy Justice Framework and how it will impact the regulatory outcomes in the energy sector. It is not yet clear from the Vulnerability Strategy whether the Framework will influence the Commission's approach to developing and enforcing energy regulations, or whether it will set out the expected conduct of energy retailers in supporting the Commission's goal of achieving "just outcomes" and equitable access. If the Commission intends for the Energy Justice Framework to apply to regulated entities and create additional obligations and requirements, we welcome a robust public consultation process to inform and shape this initiative.

Priority themes and actions

AGL considers the proposed themes of 'Business Conduct', 'System-level Responses', and 'Regulatory Inclusion' to be appropriate for supporting the Commission's goal. However, the Vulnerability Strategy is admittedly light on data and analysis that supports the Commission's enduring regulatory intervention in this space. The Commission's Consumer Vulnerability Strategy Final Decision paper should include topical data and analysis that better reflects the prevalence of vulnerability in the essential services not just within the traditional payment difficulty, hardship and life support frameworks, but also considering the Commission's broader definition of vulnerability. It will also be important to track the impact of the Vulnerability Strategy on reducing or supporting vulnerability.

As a recurring theme, AGL would like the Commission's work to include a focus on how retailers and regulated businesses can effectively engage vulnerable customers who are unwilling or unable to communicate with their retailer. The pursuit of 'just outcomes' for vulnerable consumers can be compromised when they disengage from their essential service provider, a longstanding challenge in the energy retail industry. How can the Commission work with the industries it regulates, consumer advocates and consumers more broadly, to develop guidance on how to overcome these barriers and effectively connect with chronically disengaged customers.

Prescription vs Principles- and outcomes-based regulation

AGL has been a longstanding advocate of the benefits that outcomes- and principles-based regulations can bring to the energy frameworks across the NEM, particularly in the context of future energy services. The momentum of the energy transition will bring a constant state of change where the energy industry will need to become increasingly agile and flexible to respond to its unique opportunities and challenges. As the pace of innovation in energy pricing structures, products and service models continues to accelerate, the energy industry will have to confront the reality that the highly prescriptive regulations of today could quickly become obsolete and unworkable in the energy landscape of tomorrow.

As a recent example, Australian Government's Solar Sharer Offer consultation has further highlighted the challenges of introducing an innovative, new concept into highly structured and prescriptive National Energy Customer Framework (NECF) that was designed with traditional energy products and services in mind. The Solar Sharer Offer, which is intended to commence on 1 July 2026 and provide customers who opt-in with a period of three hours of free usage when solar generation is abundant, has faced industry concern about how the existing energy regulatory framework will support the implementation of the Solar Sharer Offer. Specifically, critical questions as to whether the current Default Market Offer is compatible with the Solar Sharer Offer structure and how the regulations related to Standard Retail Contracts, customer communications, billing and consumer protections will interact, are yet to be addressed.

In this context, the highly prescriptive nature of energy regulations is adversely impacting how the Australian Government can share the benefits of solar generation during the day. If industry had greater regulatory flexibility to determine how to operationalise the Solar Sharer Offer under the National Energy Retail Law and Rules, we could support the Government to meet its policy ambitions to "not only provide an opportunity to cut household bills… [but] also help to minimise peak electricity prices by reducing peak demand in the evening, while improving grid stability overall."[2]

AGL recognises that prescription-based regulation still has a role to play in supporting the existing core retail functions. However, as we move towards the future state of energy services, regulatory frameworks that are less prescriptive and more focused on clear consumer outcomes and accountability will be better suited to supporting innovation and enabling timely, proportionate responses to emerging issues and individual circumstances

Pillars that support the Commission's work

Internal capabilities: The Commission's Vulnerability Strategy describes that its staff training and education will embed principles of equity and justice across all levels of regulatory activities and decision making. AGL is interested to know more about the Commission's plans for upskilling and improving its internal capabilities as well as how the essential services could leverage this training for their own staff. Specifically, how will Commission staff be trained in the concepts of 'justice' and 'equity' and what external organisations will be involved in these workshops?

While the energy industry has access to a range of reputable external training providers, it is not always clear which aspects of vulnerability the Commission expects retailers to focus on, and which organisations can help upskill our staff in that area. It would be highly advantageous for all industry participants to have visibility over who Commission itself engages for its training programs so that regulated businesses can access these providers. Can the ESC build a panel of approved, credible providers who meet its minimum standards and can help uplift the energy industry (and other industries) as a whole as well as setting a holistic industry tone for consumer vulnerability?

Reporting and measuring the Commission's progress

Reporting: The Vulnerability Strategy states that the Commission will continue to use metrics and data collected through performance reporting and other reporting channels to monitor its progress and measures of success. However, AGL notes that the performance reporting requirements for regulated entities are geared heavily towards sub-categories of vulnerability that fit within the energy regulation framework in Victoria. Meaning that the ESC has data and metrics for hardship customers, payment difficulty, life support

[2] Australian Government, Department of Climate Change, Energy, the Environment, and Water: Solar Sharer Offer to help cut electricity bills.

and family violence, but is it able to meaningfully track the progress towards just outcomes and equitable access for all other customers experiencing vulnerability beyond those things.

If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at [redacted]

Yours sincerely,

[redacted]

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AGL Energy