



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
Level 37, 2 Lonsdale Street
Melbourne, Victoria 3000

Online via: <https://engage.vic.gov.au/review-maximum-prices-embedded-networks>

10 March 2020

Maximum prices for embedded networks and other exempt sellers – *consultation paper*

AGL Energy (**AGL**) would like to take this opportunity to respond to the consultation paper for the maximum prices for embedded networks and other exempt sellers (**Consultation Paper**) released by the Essential Service Commission (**ESC**) on 11 February 2020.

The approach proposed by the ESC in the Consultation Paper is reasonable given the unique circumstances of embedded network customers. Embedded network customers cannot benefit from accessing retail market competition through switching between market offers.

Standard connection customers can benefit from retail market competition with both price and non-price incentives offered by retailers, competitively priced offers and value-add services that assist customers such as AGL's energy insights¹, HeretoHelp², self-service meter reads and additional supports for customers affected by family violence³.

Standard connection customers are also afforded additional protections introduced by the ESC in July 2019 including clear advice obligations, best offer messages on bills and providing information about the Victorian Default Offer (**VDO**) to customers through bills.

Government position on role of the VDO

The Victorian government has publicly released information regarding embedded networks and the development of the VDO. This information has stated that:

- As an embedded network customer, customers currently pay a maximum price of the local area retailer's standing offer tariff.
- From 1 July, energy retailers automatically moved customers on existing standing offers to the VDO.

¹ <https://www.agl.com.au/help/agl-online-services/energy-insights>

² Heretohelp is a tool developed by AGL to help customers assess what assistance they may be eligible for - <https://www.agl.com.au/heretohelp>

³ Both self-service meter reads and family violence supports were offered by AGL to customers before regulatory obligations were introduced.



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- That the purpose of the VDO is to make electricity simpler and more affordable for **all** consumers.⁴
 - The government has committed to banning embedded networks in new-build residential apartment blocks, which too often lock in high costs for consumers.⁵
 - The ESC final decision on Clear and Fair contracts released on 27 February 2020 states that the requirement to include information about how to access the VDO on electricity bills will help raise awareness of the VDO on an ongoing basis among all customers,⁶ emphasising the importance of consumer awareness and access to the VDO.

It is our position that the VDO should be the absolute maximum price set by the ESC given the VDO includes moderate customer acquisition and retention costs (**CARC**) that would not be relevant to embedded networks.

If you have any questions in relation to this submission, please contact Kat Burela on 0498001328 or at kburela@agl.com.au.

Yours sincerely

[Signed]

Elizabeth Molyneux
GM of Energy Markets Regulation

⁴ <https://www.energy.vic.gov.au/victoriandefaultoffer#why>

⁵ <https://www.energy.vic.gov.au/victoriandefaultoffer#qualify>

⁶ P67

