



Advocate for constructive policy outcomes

Tim Nelson

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 **AGL**

Agenda

1

- › Success in achieving constructive public policy outcomes

2

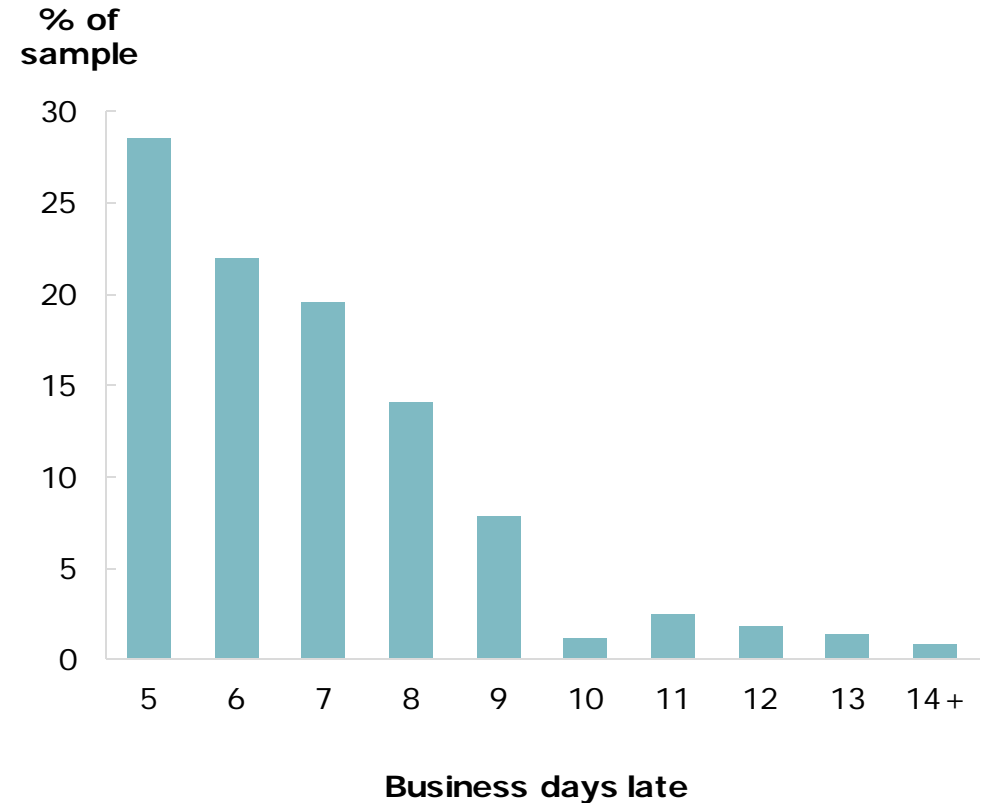
- › Current public policy focus:
 - › Importance of competition and affordability
 - › Leading the tariff reform debate
 - › Competitive neutrality around new products
 - › Carbon reduction policies

An example of policy leadership

Introduction of contestable metering.

- > Metering contestability a key business objective
- > 2011/12 - Analysis showed poor customer experience
 - » 1 in 13 meter reads estimated
 - » \$120 million in annual deadweight losses
- > 2012/13 - Key stakeholders engaged: consumer groups, AEMC through Power of Choice
- > 2014/15 - Power of Choice review implementation of contestable metering

Number of business days late for the provision of metering information



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Competition, pricing and affordability

Sustainable deregulation dependent on addressing affordability.

4

AGL is a strong supporter of price deregulation

- > Competition delivers innovation and improved consumer outcomes
- > Retail prices deregulated in all states except NSW (gas) and QLD (elec.)

Price deregulation also requires a focus on affordability

- > Concessions reform
- > Affordability initiative

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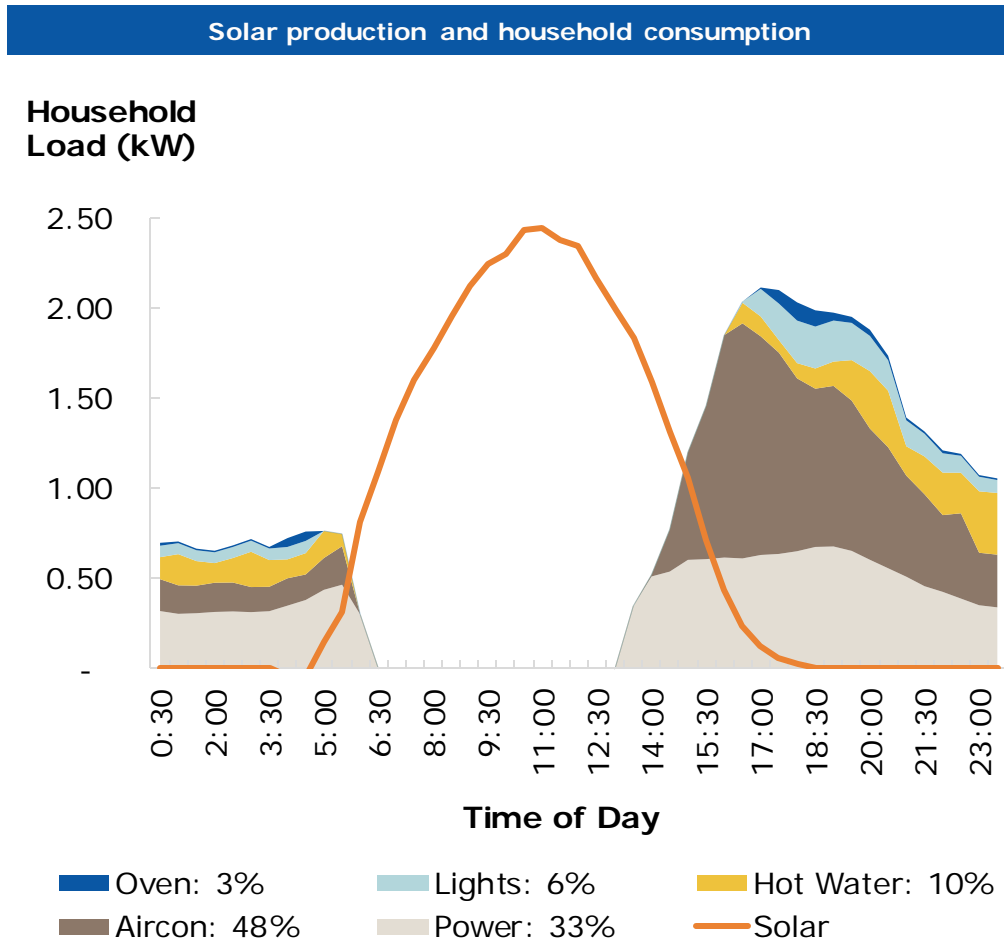
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Network tariff reform

AGL remains a strong advocate for demand tariffs at network level.

- > Current 'energy' tariffs result in consumer inequity
- > Demand tariffs price electricity more cost-effectively
- > Removes inequity related to distributed generation
- > Provides additional incentives for new products and services (e.g. batteries)



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Competitive neutrality

Competitive neutrality for new products and services a key focus.

Networks

- > Competitive neutrality necessary to benefit consumers

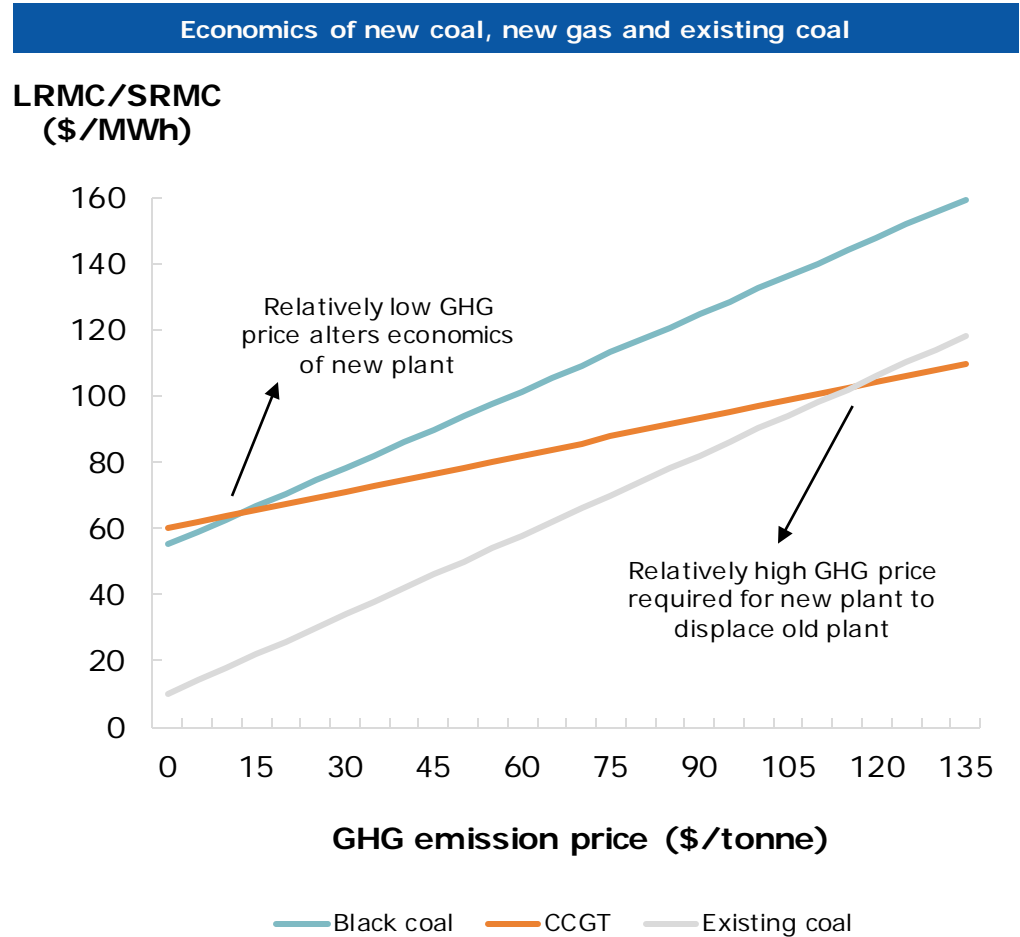
Consumer protection

- > Electricity is an essential service
 - » New products (e.g. batteries) require reasonable safety standards

Climate change

Carbon pricing unlikely to drive new low-emissions investment.

- > Carbon pricing debate in Australia has stalled
- > Carbon price of over \$100/tonne required to displace coal
- > International experience
 - » Moving away from carbon pricing
 - » US regulation for new power stations
 - » Canadian regulation for old power stations



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Climate change

Renewable investment dependent upon complementary closure policy.

1

- > RET unlikely to deliver further investment due to financing constraints

2

- > Policy has been successful at incentivising new generation

3

- > Generation has not retired creating significant oversupply

4

- > RET requires complementary policy to facilitate sustainable wholesale market outcomes (e.g. Canada)

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