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Providing Greater Access to Home Battery Technology in the Private Rental Market

AGL Energy (AGL) commends the South Australian Government for its consultations on tenant access to energy efficiency technology in the private rental market and welcomes the opportunity to make a submission.

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 and renewable sources. In South Australia, AGL operates wind, hydro, and gas generation as well as battery storage, supporting local communities and hundreds of local jobs. AGL is also a significant retailer of energy, providing energy solutions to around 3.72 million customers throughout eastern Australia.

In addition, AGL is continually innovating our suite of distributed energy services and solutions for customers of all sizes. These behind-the-meter energy solutions involve new and emerging technologies such as energy storage, electric vehicles, solar PV systems, digital meters, and home energy management services delivered through digital applications. In South Australia, this includes AGL's Virtual Power Plant project, created with support from the Australian Renewable Energy Agency by installing and connecting a large number of solar battery storage systems across 1,000 premises in Adelaide, to be managed by a cloud-based control system. Battery storage and VPPs can help consumers save on energy bills by actively managing their battery storage.

Proposed Landlord Battery Scheme

AGL agrees with the South Australian Government's assessment that the "split-incentive" creates a barrier to renters accessing solar, batteries, and some energy efficiency technologies and related incentives schemes, which has implications for their ability to improve the sustainability and affordability of their energy spend. This issue is particularly relevant to low-income renters, who face greater limitations in their choice of rental property.

Although the economics of battery investment remain challenging, now is the time to consider models for accelerating uptake for renters, in anticipation of future price reductions. As such, AGL is supportive of the South Australian Government developing a separate scheme which targets rental properties and seeks to overcome the split incentive. This scheme could also provide additional incentives targeted at low income renters.

It is imperative that any scheme be simple to understand and easy to access and sign onto. We recommend landlords, the SA Government or local councils, rather than energy retailers, are better placed to administer the scheme and recoup costs through higher rents, loan repayments, or council rates. There are operational challenges associated with retailers recouping costs, including customer privacy concerns, and using battery metering systems for billing and settlement, for which they are not certified. Retailers can instead add value to tenants by offering further savings if tenants participate in Virtual Power Plants, which offer bill credits. As an example, AGL's "Bring Your Own Battery" plan offers a \$100 sign-up bonus and an ongoing credit of \$15



per month (or \$280 per year in total) and is offered on a 12-month term, all of which is appealing to, and suitable for, renters.

Stakeholder consultations

Enabling greater access to distributed energy technologies by renters and, in particular, low-income renters is critical in supporting an inclusive energy transition. As the Consultation Paper notes, a number of different models for overcoming the split incentive have been trialled by governments and industry, with mixed success. There are a range of factors impacting the development of a successful scheme – extending beyond benefits for landlords and tenants to also include technical and operational considerations and local considerations. As such, we would very much welcome the opportunity to work closely with the South Australian Government and other interested stakeholders to workshop the design and operational parameters to incentivise battery uptake at tenanted properties. Greater consideration is also required on how to adapt a scheme to suit low-income tenants.

Once again, we thank you for the opportunity to make a submission and we look forward to further discussions on the important issues raised in this paper. Should you have any queries in relation to this submission, please contact me on (03) 8633 7252.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Eleanor McCracken-Hewson'.

Eleanor McCracken-Hewson
Senior Manager, Policy and Strategy