



AGL Energy Limited

T 02 9921 2999

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St
Sydney NSW 2000
Locked Bag 14120 MCMC
Melbourne VIC 8001

Essential Services Commission

GPO Box 2605

ADELAIDE SA 5001

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Dear Ms Arcoverde,

Issues Paper – Retailer Energy Productivity Scheme (REPS) code

AGL Energy (**AGL**) welcomes the opportunity to comment on the 2024 Review of Retailer Energy Productivity Scheme (**REPS**) Code to help inform the Commission's scope and focus areas for their review.

AGL delivers around 4.3 million gas, electricity, and telecommunications services to our residential, small, and large business, and wholesale customers across Australia. We operate Australia's largest electricity generation portfolio and have the largest renewables and storage portfolio of any ASX-listed company, having invested \$4.8 billion in renewable and firming generation over the past 20 years and added more than 2,350 MW of new generation capacity to the grid since 2003. AGL is committed to meeting the needs of its energy customers both now and through the transition to a net zero emissions future.

As an Obligated Retailer within the SA REPS program, we have provided our detailed responses to the consultation questions in **Appendix A**, addressing key areas such as marketing and lead generation, consumer information, compliance requirements, and dispute resolution mechanisms. AGL believes that a cohesive and transparent approach within the REPS framework will enhance consumer awareness, engagement, trust, and ultimately advance the program's goal of improving energy productivity in South Australia.

We look forward to the South Australian Government's concurrent review of the broader framework and the energy productivity targets for the REPS in early 2025.

If you have any questions in relation to this submission, please contact Emily Skehill, Government Program Manager, Electrification and Innovation at ESkehill@agl.com.au, or Jenny Kim, Manager, Policy & Market Regulation, at jkim2@agl.com.au.

Yours sincerely,

AGL



Appendix A – AGL’s Responses to Consultation Questions

5.1 – Marketing and lead generation

Consultation Question	AGL Feedback
1. <i>Do you have any comments about how REPS activities are marketed to customers?</i>	<p>AGL believes there is a critical need for increased Government-led marketing material to raise awareness of the REPS to potential customers. The historically low amount of marketing from the S.A. Government for the REPS and previous REES scheme has resulted in the public being largely unaware of the REPS unless they are involved in the energy industry or receive unsolicited calls or door knocks, which are often perceived as scams. Enhancing public awareness campaigns beyond the ESCOSA website would support broader awareness and uptake of the scheme. We also consider government sponsored marketing to be better placed in building trust amongst customers due to their impartial position and branding compared to industry.</p> <p>In the ACT, direct obligations on energy retailers to achieve Energy Savings Targets (ESTs) as outlined in the scheme’s legislation has provided the impetus for government <i>and</i> retailers to increase engagement and awareness of their energy saving scheme. In South Australia, limited government funding in the scheme has resulted in greater onus on Obligated Retailers to drive engagement. Furthermore, marketing is primarily conducted by contracted Activity Providers who are not directly regulated under the scheme – this differs from other jurisdictional schemes such as Victorian Energy Upgrades (VEU) or the NSW Energy Saving Scheme (ESS). This can lead to issues with improper sales tactics and the misrepresentation of the REPS scheme as a government initiative.</p> <p>The move towards social media marketing and the involvement of big-box retailers to better educate customers are positive steps that we have seen taken from some of our Activity Providers. However, we note that a cohesive strategy across the industry with transparent and regulated marketing efforts would improve consumer awareness and trust in REPS activities.</p>

5.2 – Information for consumers

Consultation Question	AGL Feedback
2. <i>Do you have any views on potential improvements to the REPS information on the Commission’s website?</i>	<p>To enhance the accessibility and usability of REPS information, AGL suggests the following improvements:</p> <ul style="list-style-type: none">• Increase accessibility and interactivity of the information provided on the ESCOSA website• Segment information by customer groups to better facilitate easier navigation and relevance of information. <p>For example, Energy Efficiency related information as presented on the ACT Government’s Climate Choice website, is segmented by categories of ‘home’, ‘business’ or ‘school’ to assist diverse groups of energy users to navigate information that is relevant to their circumstances and needs. The page ensures visitors are not overwhelmed with the breadth of information by using Plain English,</p>

and adherence to web accessibility guidelines. The site's modern design, large font, and visual interest serves to engage site visitors and help them achieve their goal – understand what to do next to make the change they want to live more sustainably.

3. *What sort of information should Obligated Retailers be required to provide consumers and how should retailers make this information available?*

We believe there is limited customer value in providing either nominal GJ metrics or values in dollar figures to the average energy consumer in marketing material, as the average customer does not understand nominal GJ, and dollar figures would not be accurate as Activity Providers contract different pricing arrangements with various Obligated Retailers.

Furthermore, these values are protected by commercial-in-confidence agreements between retailers and Activity Providers, and are also influenced by the commercial structures of these providers. Consequently, AGL's pricing offers vary, as we purchase gigajoules at different prices from various Activity Providers who have differing risk profiles. This means that a single, transparent price cannot be offered to the market.

Price transparency is of course a greater priority for the delivery of tradable, certificate schemes like those present in Victoria and NSW where Green House Gas reductions and energy savings are commodified and traded.

We consider AGL's current practices for the SA REPS as appropriate to the scheme's current design.

4. *Should Obligated Retailers (and by extension their Activity Providers) be required to stop marketing and inform potential customers when activities are no longer available for the REPS year? Would there be any unintended consequences with establishing this type of obligation?*

We believe program delivery and customer experience could be improved by extending the creation period for activities to 12 months from the date of purchase, rather than at the end of that calendar year. In this context, provided that the creation period for activities is extended to 12 months from the date of purchase, AGL believes it should not be necessary for obliged retailers to contemplate ceasing marketing activities. This would help avoid customers having poor experiences with the program as mentioned in the consultation paper such as being informed only prior to installation that the REPS activity quotas have been reached for the year, and for them to then be placed on a waiting list for the following year, or customers being informed that the costs have increased due to incentives no longer being available. This would also enable the contractors to continue working year-round rather than starting to ramp down activities at the end of October.

This extension would also harmonise practices across states and prevent disadvantaging customers that make appliance upgrades or purchases later in the year. For instance, if a customer buys an appliance in December during the Christmas sales, the paperwork may not be processed until the new year, and under the current rules, the customer may be unable to claim the activity due to the expiration of the creation period. NSW and Victoria offer leniency by allowing certificates to be created by 30 June of the following year. Aligning with this practice could also prevent unintended consequences, such as a lack of options for customers who respond to critical weather events or other critical periods where there are supply shortages. For example, during a blackout period in December, high-efficiency HVAC appliances might be crucial to avoid heat stroke. Customers should not be disadvantaged by the timing of their purchase.

This approach would mean that annual targets would take longer to reconcile. This administrative delay is an acceptable trade-off for the enhanced customer experience, improved operations resource management and commercial opportunity created by this change.

5.3 – Inappropriate activity provision

Consultation Question	AGL Feedback
5. <i>The intent of the REPS is to improve energy productivity for households and businesses. Are there any REPS activities that do not meet this intent?</i>	<p>Yes, there are REPS activities that could have their specifications refined, as they may only be relevant for certain types of businesses or specific use cases.</p> <p>A solution could involve creating sub classifications for activities and outlining what type of businesses they apply to. As mentioned in the consultation paper, we have seen plug and play Refrigerated Display Cabinets installed in businesses where they are not necessarily improving the existing electricity load. This activity makes more sense for specific businesses such as supermarkets or cafes.</p> <p>Additionally, for activities APP1A (purchasing a high efficiency new refrigerator or refrigerator-freezer) APP1B (purchasing a high efficiency new freezer), there is no requirement for an existing appliance to be decommissioned. AGL considers a decommissioning requirement would ensure activities are replacing existing appliances rather than adding new ones.</p>

5.4 – Dispute management

Consultation Question	AGL Feedback
6. <i>Are the Code's dispute resolution requirements providing appropriate protection for consumers?</i>	<p>Dispute resolution mechanisms are integral parts of every retailer's compliance plan, which extends to the Activity Providers. Issues arise when businesses act unethically or fail to comply with their compliance plans. If the Commission receives complaints related to this, retailers should take responsibility for addressing these complaints and, if necessary, reprimand or terminate contracts with non-compliant vendors.</p> <p>Issues arise when Activity Providers ignore "Do Not Knock" signs, engage in inappropriate sales tactics, overcharge, or pressure customers into signing paperwork under duress. If the paperwork is never submitted to a retailer or is rejected by a retailer, there is no paper trail for ESCOSA or any dispute resolution body to trace back to the responsible retailer. This situation is exacerbated when Activity Providers are contracted to multiple energy retailers, leading to stranded activity applications due to poor-quality paperwork.</p> <p>In these instances, these customers lack a clear escalation channel if their activity is not accepted by a retailer. As ESCOSA regulates only Obligated Retailers, not at the activity level, this creates a gap in consumer protection. Although there are sufficient mechanisms to protect consumer rights, such as through the Australian Consumer Law (ACL) and via the Consumer and Business Services B, the onus should not be entirely on retailers.</p> <p>Ensuring compliance across all levels, including Activity Providers, is essential for effective consumer protection. For example, ESCOSA could require Activity Providers to become members of an accredited</p>



dispute resolution body like EWOSA. Membership of EWOSA would also give ESCOSA visibility of Activity Providers and give Obligated Retailers a qualifying criterion for Activity Providers during the next RFP round in 2025 for the 2026-2030 period. This requirement could also be accompanied with a transitional arrangement to account for the time it will take of the recommendation to be implemented post the 2025 RFP process.

7. *Are there any alternative dispute resolution models that could be considered?*

Should the issue prove significant enough, AGL acknowledges the potential need for establishing an independent dispute resolution body or mechanism to assist with disputes that cannot be resolved directly.

5.5 – Compliance, audit and assurance requirements

Consultation Question	AGL Feedback
8. <i>Do you have any comments about the compliance, audit or assurance requirements for Obligated Retailers established by the Code?</i>	<p>AGL is recognised within the industry for its stringent adherence to REPS compliance standards. Codification of compliance and audit expectations could help establish a consistent standard across the industry. This may involve defining what should be flagged by auditors and incorporating third-party auditors for certifications. While mindful of the associated costs, standardising practices at the Activity Provider level would enhance operational clarity and potentially reduce delivery costs, which ultimately benefits REPS customers.</p> <p>Currently, retailers may be directed by ESCOSA to perform site audits on short notice, however this directive has not been widely implemented. Given the operational impacts, ESCOSA could consider phone audits as an alternative. These can be implemented by AGL's internal teams, contracted to independent third parties, or mandated for vendors.</p>
9. <i>Would you support a requirement for compliance plans to be submitted to the Commission earlier, for example, prior to commencement of the REPS year? Is there any information currently required in compliance plans that is not feasible to be submitted to the Commission earlier?</i>	<p>AGL would not support the requirement for compliance plans to be submitted to the Commission earlier, such as prior to commencement of the REPS year.</p> <p>The workload in Q4 is substantial, creating a high-stress period for both Activity Providers and Obligated Retailers due to end of year activities such as office closures, and workforce and scheduling constraints. Managing the delivery pipeline to ensure activities are sold, scheduled, and completed before December 31 (or earlier, due to shutdowns) is highly demanding, with both retailers and Activity Providers facing potential shortfall penalties. Additionally, preparing compliance plans during this quarter is challenging as Obligated Retailers do not yet have the targets for the upcoming REPS Year, SOWs have also not been issued to Activity Providers, and EPTs remain undetermined, all of which hampers campaign planning, which is a key element of the Compliance Plan.</p> <p>Rather than advancing the submission deadline for compliance plans, we recommend adopting a Master Compliance Plan with periodic, simplified compliance plan reviews. This streamlined approach would reduce costs, ultimately benefiting SA consumers, and provide continuity by allowing Obligated Retailers to confirm that the Master Plan remains valid and effective based on KPI metrics.</p>



Any modifications could be submitted as an addendum to the Master.

5.6 – Administrative efficiencies

Consultation Question

AGL Feedback

10. *Do you have any suggestions that could improve the clarity, efficiency or effectiveness of administration of the REPS?*

We would like to also request that ESCOSA consider reinstating the ability to carry over of credit allowances. By permitting these credits, all activities completed within a given year could be paid for by Obligated Retailers, thereby contributing effectively to the schemes targets and minimising wasted resources. It would also reduce the overall costs of the scheme, by ensuring all credits are accounted for, which also ultimately passes cost savings through to the SA energy consumer.

In the absences of these carry over allowances, excess activities that exceed the target are underutilised. Currently, excess activities are either rejected at the Activity Providers' expense who bear the commercial risk of giving point of sale discounts to customer, or at customer's expense by being asked after-sale to pay the full sticker price. They also result in Obligated Retailers having to buy the excess activities that cannot be utilised for EPT compliance and then get passed through as environmental scheme cost on customer bills.