AGL Customer Council Open Letter 2025

Australia is on a path to renewing and electrifying its energy system.

This will involve a rapid increase in the share of renewable energy and broad uptake of consumer energy resources (CER) to replace the current dependence on ageing fossil fuel technologies.

New technologies are changing the way that consumers interact with the electricity grid.

These changes present opportunities for both customers and businesses to redefine how energy is produced, supplied, consumed, and shared.

The future energy system promises benefits for customers. But today, affordability and cost of living pressures remain key concerns.

It is imperative that energy consumers are empowered, guided, and protected to maximise how they can benefit from the energy system of the future.

People, equity, and fairness must be at the heart of the energy transition.

The actions we take today will ensure energy markets will achieve these objectives now and in the future.

Equitable access to energy and a fair allocation of costs is our framework for success.

All customers must be able to access the benefits of the energy transition, and costs of the transition must be allocated fairly across all parties.

The AGL Customer Council has operated continuously since 1998 and is one of the longest-serving energy consumer advisory groups in Australia. The Council, which includes independent customer advocates and representatives from AGL, meets on a quarterly basis to discuss a wide range of matters that affect customers. The Council's aim is to enable two-way communications and generate discussion between AGL and our residential and business customers.

1. Support energy affordability and productivity

- **Affordable energy is vital to supporting a healthy, productive economy.**
- **Actions that facilitate longer term energy affordability will build broader trust in the energy transition, that includes measures such as well-designed concessions and CER subsidies that are appropriately targeted.**
- **The energy industry needs to work together to innovate and deliver improved value and service offerings especially for those currently locked out of the energy transition.**
- **Existing and new rules and regulations should consider whole of system benefits, costs of implementation and how costs should be recovered across the system in a fair and equitable way.**

Find energy price efficiency across the entire cost stack.

Reductions in network charges and **more efficient network investment**

- Reform network tariffs to be simple, actionable, and fair. Pricing measures to support efficient use of the network need to be actionable and overall cost allocations need to be fair.
- Rebalance network incentives to encourage less capital expenditure and improved network productivity, efficiency, and utilisation, including through the use of non-network solutions.
- Reconsider network asset valuations and rate of return methodologies to ensure network profitability and investment settings deliver the best long-term outcomes for customers.
- Stop and reverse the loading up of network costs with hidden charges including the cost of government underwriting programs and subsidies.

Retail pricing structures that represent better value for money for customers.

- Prices that are offered to customers and their bills need to be simple, fair and easily understood.
- Pricing frameworks that continue to support competitive markets and provide consumer protections, but provide for more stability in retail prices over time.
- Continue to embed simplified comparison and easier switching of products, including through the use of technology and the consumer data right (CDR).
- Reduce complexity of pricing structures and sign-up processes for products, so that customers can intuitively understand and access offers.
- Encourage businesses to innovate and compete to win services from empowered customers.

Wholesale market reform that seeks to drive continued investment in new generation.

- Continue to deploy large-scale renewable energy at pace under mechanisms such as the Capacity Investment Scheme (CIS).
- Support reforms like those proposed by the Nelson Review that are seeking to provide more stability to wholesale price outcomes over time by facilitating investment into competitive markets.

Expand options for all customers to reduce their overall energy use and costs.

Innovation and incentives to deliver the benefits of the energy transition to all customers.

- Enable broad use of technology solutions including customer data, digital metering, and smart appliances to deliver innovative products and services.
- Ensure ethical AI solutions are based on delivering customer-focused outcomes.
- Consider regional customers and businesses through customer-led, localised community funding opportunities and grants.
- Establish incentives to deliver support for renters and dwellings that cannot access CER (including incentives for building owners).
- Target support for small businesses and specific industries with high energy input costs and electrification challenges.

Provide the right assistance to customers who need it most.

Effective, tailored, and enduring supports for customers, recognising that energy is an essential service.

- Mandate hardship and financial assistance frameworks that require retailers to support customers through temporary challenges, and draw on broader resources to address chronic affordability challenges (e.g., through tailored government assistance packages and incentives to deploy broad-based energy efficiency upgrades and electrification activities.)
- Harmonise towards nationally consistent concessions and bill relief that target the right groups and can be applied directly to customer bills.
- Remove barriers to accessing various energy affordability solutions, with a focus on customers who have challenges with addressing the causes of high energy bills, especially renters and customers experiencing vulnerability.

2. Drive electrification of transport, homes, and businesses.

- **Electrification of transport, households, and business activities is essential for decarbonisation.**
- **Electrification should support adoption of smart appliances that underpin participation in active demand-side services to reduce costs, improve grid resilience and reduce total system cost.**
- **Network tariff reform is essential to underpin the orderly uptake of CER and maximise the benefits.**
- **Policy should support equitable long-term solutions, including addressing barriers such as up-front costs which can prevent customers from participating.**

Lifting standards will improve the quality of life for all Australians.

Building, vehicle, and appliance standards that accelerate fuel switching and the uptake of electrification, and facilitate significant improvements to energy efficiency and productivity.

- Improve standards in building codes (e.g., such as the NCC and NATHERS), development and planning processes to drive more efficient housing stock and buildings (both existing and new).
- More widespread development and utilisation of efficiency rating schemes for houses (e.g., at point of sale or lease).
- Mandate minimum energy performance standards for rental properties (e.g., insulation and reverse-cycle heating and cooling), with commensurate incentives for owners to deploy improvements.
- Expand GEMS (Greenhouse and Energy Minimum Standards) scheme to other appliances, in particular heat pumps.
- Implement robust vehicle efficiency standards and policies to encourage accelerated electrification of business, fleet, and government-owned vehicles.

- As policies continue to limit the expansion of the gas network, ensure that customers have the right incentives and supports to enable switching to electric appliances.

Reform network tariffs to support the uptake of new energy solutions.

Market and network reforms that support CER integration and enable customers to **unlock and access value from CER investments.**

- Network tariff designs must support the accelerated uptake of CER, electric vehicles, and charging infrastructure.
- Continue development of cost-reflective and flexible pricing, but safeguard less active and engaged customers with protections and opt-out mechanisms.
- Support community batteries, virtual power plants (VPPs) and other ways to make excess energy available to those who need it most through accessible tariffs and market participation pathways.
- Incentivise smart appliances and load shifting through time-of-use rewards or dynamic pricing pilots.
- Broadly engage with all stakeholders on the challenge of how to fairly and efficiently recover gas network costs as residential consumption declines.

Target subsidies for customers, businesses, industries, and communities.

Expand targeted electrification incentives for households, particularly for low-income renters and public housing residents.

- Deliver policies that lower barriers to access, and provide information and support for customers who may have challenges with electrifying, especially renters and vulnerable customers.
- Develop targeted subsidies for broad-based energy efficiency upgrades and electrification activities.
- Require taxpayer funded subsidies and other investments in electrifying households to maximise system benefits as well as reduce costs for individual users (e.g., requirement to be part of a virtual power plant or similar).
- Provide durable, accessible tax deductions and access to funding supports for businesses and property owners for items that will improve energy performance and support decarbonisation.

3. Deliver a fit-for-purpose consumer protections framework

- **Consumer segments are changing, with increasing divergence in the way consumers interact with their energy services and providers. The needs of all customers groups must be met.**
- **Regardless of the complexity of the energy system, retailers must ensure that customer propositions are simple to understand, easy to action and give customers agency to enable their own energy future.**
- **Regulatory overload is costing consumers, and stifling innovation and productivity.**

Regulatory obligations must reflect what customers need.

Simplify core regulation and seek to reduce complexity for customers unless it is delivering value, moving instead to a principles-based regulatory framework (such as a consumer duty).

- Concentrate on the most essential features of core regulation, with a laser focus on what works in practice and delivers the best outcomes for customers.
- All energy customers should have access to the same level of core protections, including customers in embedded networks.

Clarify the roles and duties for all parties, not only duties from organisations and governments to customers, but also from customers.

- Frameworks should deliver information and agency for customers.
- Clarify roles and responsibilities to make it easier for customers to navigate the system, understand pricing and access offers, and sign up to and switch products.

Core energy products must improve to meet customer expectations.

Competition in the provision of energy services should allow customers to easily move between offers, products and services, and should provide more value for money.

- Continue to focus on building a competitive ecosystem for the provision of energy products and services to lower prices, deliver innovative solutions, and support customer choice.

- Continue to endorse well-regulated competitive markets as providing the best framework for delivering innovation in new products and services, and lowering costs for customers.

Customers must be able to trust new energy products and services.

New products and services, especially those leveraging CER, should be covered by **flexible, principles-based regulation** that supports innovation but provides effective consumer protections and builds trust in rapidly evolving products and services.

- Lift the bar and coverage for new energy services with enforceable principles that set the standard while enabling rapid evolution and innovation.
- Campaign and build customer understanding of new products and services, especially CER, and how they can assess whether service providers will deliver the products and services they need.
- Highlight the importance of trust in the new energy system as service providers use technology to orchestrate energy supply and demand in customers' homes and businesses.
- Ensure energy products and services have appropriate pathways for customer escalations through dispute resolution schemes.

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