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Victorian Energy Upgrades
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Proposal to ban telemarketing under the Victorian Energy Upgrades program

AGL Energy (AGL) welcomes the opportunity to provide feedback on the Department of Energy, Environment and Climate Action's (DEECA) proposed telemarketing ban under the Victorian Energy Upgrades (VEU) program.

AGL is one of Australia's largest energy-led multi-service retailers, providing over 4.3 million electricity, gas and telco services to residential, small, and large businesses, and wholesale customers. AGL is committed to meeting the needs of its energy customers both now and through the transition to a net zero emissions future.

AGL is a liable entity has under the VEU program and while we do not directly undertake energy efficiency activities at our customers' premises, AGL is required to procure and surrender a certain number of Victorian Energy Efficiency Certificates (VEECs) each year. As a long-standing participant in the VEU program, AGL recognises its value in reducing greenhouse gas emissions through total demand reduction for energy and the improvement the scheme brings to the energy efficiency of our customers' homes and businesses.

Ban on telemarketing and doorknocking

AGL acknowledges that the number of consumer complaints registered in relation to telemarketing and doorknocking under the VEU program is proportionally low in comparison to the number of energy efficiency upgrades and activities delivered between 2020 to 2023. We also recognise that the marketing of the VEU activities is an important tool for engagement and participation in the scheme. However, the protection of consumers, especially vulnerable consumers, from unethical marketing behaviour and high-pressure sales tactics is an enduring priority for the energy industry, regulators, and policymakers. AGL agrees that unacceptable misconduct has the potential to result in poor customer outcomes and negative sentiment that is detrimental to the VEU program as a whole. Accordingly, AGL supports the proposed ban on certain telemarketing activities under the VEU program, including unsolicited calls and doorknocking to prospective customers. AGL agrees with DEECA's proposal that the ban should not extend to emails, texts, and marketing in public places.

In assessing the merits of a telemarketing and doorknocking ban, DEECA and the Essential Services Commission (ESC) should consider the material impact that the proposed ban will have on consumers' knowledge of and access to energy efficiency activities under the VEU, as well as the creation and availability of certificates in the market. Invariably, a decrease in the uptake of VEU activities will result in a



decline in the generation of VEECs and therefore, could lead to an increase in their purchase price for liable entities which will ultimately be reflected on consumers' bills.

DEECA and the ESC may be aware that following the suspension of certain activities from the VEU program, the creation and procurement of VEECs is becoming more challenging, proportionate to the increasing difficulty in recruiting customers to undertake eligible activities. Concurrently, the recent restructure of the VEU program fees has also impacted certificate purchase prices in response to market perceptions. We anticipate that the ban on telemarketing activities will further exacerbate these issues for industry participants. To balance the removal of telemarketing and doorknocking activities with the need to generate sufficient VEECs, we urge DEECA to:

- Expedite the delivery of new and revised planned activities under the VEU, preferably prior to the telemarketing and doorknocking ban taking effect; and
- Develop and undertake an expanded consumer awareness and education campaign to continue to inform consumers of their entitlements under the VEU, encourage customer participation and promote the benefits of the energy efficiency program for residential, SME and large customers.

Implementation timeframe

As we note above, the implementation of the ban should only follow the expansion and release of the revised VEU activities schedule to allow the industry to gauge the impact and effectiveness of the reformed program on the creation and availability of VEECs. Accredited Providers will also likely need a period of time to readjust their sales practices, change scripting and processes, and potentially repurpose their sales workforce. AGL recommends that a period of 9-12 months following the release of the expanded VEU program activities is appropriate to prepare for the telemarketing and doorknocking ban.

Other Matters

Important communications from the ESC and DEECA on the VEU: While not directly within the scope of the current consultation, AGL is aware of a number of instances where DEECA and the ESC have provided important announcements relating to VEU activities directly to Accredited Providers but not to liable entities. While information pertaining to specific VEU activities may not seem relevant to liable entities, these important announcements may actually impact the supply of VEECs in the market which is of material interest to retailers. To reduce information asymmetry, we encourage open and transparent communication and updates to all industry participants for matters related to the VEU program.

Penalty Price Review: At \$90.00 per certificate for the 2023 compliance year, the VEU scheme has the highest shortfall penalty price of any jurisdictional energy efficiency or environmental program in Australia. AGL recommends that the ESC consider a reduction in the penalty price for certificates in the upcoming review to reduce pressure on liable parties caused by a potential contraction in the number of VEECs available in the market due to recent or prospective VEECs reforms. As these costs are ultimately reflected on consumer invoices, a reduction in penalty prices could potentially assist during a cost-of-living crisis from a bill perspective.



If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at vkalpakidis@agl.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Whish-Wilson'.

Patrick Whish-Wilson

Senior Manager Regulatory Strategy

AGL Energy