



## AGL Customer Council Open Letter 2024

**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 fossil fuels. The transition will need to be supported by significant investments in grid infrastructure, storage solutions, and demand-side mechanisms to ensure reliability and security of supply. Where electrification is not feasible, alternative low carbon fuels will need to be supplied to support specific use cases.

**People, equity, and fairness must be at the heart of the energy transition.** It is incumbent on us to make sure the actions we take now ensure the energy markets of the future will achieve these objectives.

For customers, affordability and cost of living pressures are key concerns. The energy transition is also changing the way Australians interact with the energy system through new market operations, technological advancements, and decarbonisation objectives. These changes present significant opportunities for both customers and businesses to redefine how energy is produced, supplied, consumed, and shared. However, it is fundamental that energy consumers are empowered, guided, and protected to maximise benefits from the energy system of the future.

As part of the energy transformation, many innovative solutions and reforms are currently being explored across the industry. However, maintaining effective market competition and appropriate economic signals is imperative to ensuring ongoing efficient investment in the energy transition to reduce costs. The benefits of lower energy bills can be delivered by competitive businesses seeking to reduce prices and enhance product offerings for customers, as well as scrutiny of regulated expenditure.

New technologies and innovative products and services are impacting the way that consumers interact with the electricity grid, especially relating to CER<sup>1</sup>. Changes of this scale are inherently complex and require collaboration across all governments, industry, and communities.

**Our framework of success.** We must consider how the costs of these changes will be shared, both now and in the future, including ensuring that the appropriate cost allocation frameworks are in place to facilitate these costs being allocated fairly.

In November 2023, AGL's Customer Council published an open letter announcing its agreed priorities and considerations for policy makers, market bodies and the energy sector more broadly. In that letter, the Customer Council called on governments, energy ministers, regulators, policymakers, and market bodies to urgently address the following key structural elements for the energy transition through transparent, constructive, and effective dialogue and timely and meaningful reforms:

1. **Co-responsibility:** Governments, the community, and the energy industry (including retailers, networks, generators, and other energy service providers) must continue to work together to support customers experiencing short-term, episodic, or entrenched vulnerability.
2. **Amplifying consumer agency:** Innovative solutions, leveraging new technologies and modern approaches should be used to strengthen agency in supporting consumers to control their energy use, costs, and transformation journey.
3. **Equity:** Governments and policymakers must ensure the decisions we make today are sustainable and benefit current and future generations without transferring a major cost burden.

**Immediate actions and longer-term change.** We find ourselves at a critical juncture in the energy transition, with significant changes required to our energy system in the next five to ten years if Australia is to remain on track in achieving its interim climate targets and long-term net zero by 2050 climate ambitions. Given this, we think it is timely to again look at what policy and regulatory changes need to be implemented to ensure that all customers receive the full benefits of our future energy state.<sup>2</sup>

Consumer trust and protection are key issues that need to be addressed. There is work to be done to identify the areas of the current energy policy and regulatory framework that need to evolve to better service the future state along with reviewing and/or redefining the roles and responsibilities of the various market participants to ensure that they are appropriate for supporting customers through the energy transition and beyond.

In the [2023 Open Letter](#), the Customer Council made three following short-term recommendations for government and industry. An update on the progress made on these issues is included in the table at the end of this letter. The Customer Council also continues to endorse these recommendations and welcomes the work that has been done since the release of the 2023 Open Letter.

## Build trust by shaping the right customer supports across the nation

The Customer Council endorses the following short-term actions:

- Develop a plan to standardise assistance available to customers and **improve systems to ensure that the customers doing it tough are identified quickly** so assistance can be provided in a timely manner.
- Fast-track the **deployment of new tools and technologies that can unlock potential consumer benefits**, for example through the uptake of smart meters, especially for customers experiencing vulnerability.
- Backing businesses through **guaranteed business supports over the long-term**, better government communication and administration of support opportunities, and additional public trials and pilots to identify barriers to energy upgrades.
- Continue to **build consumer trust through better communication** across the industry.

*Amanda Kennedy*  
**AGL Energy**

*Gavin Dufty*  
**St Vincent de Paul  
Society**

*Tennant Reed*  
**Ai Group**

*Mark Henley*  
**Independent Consumer  
Advocate**

*Robyn Robinson*  
**COTA (Qld)**

*David Harding*  
**Business NSW**

*Iain Maitland*  
**Ethnic Communities  
Council of NSW**

---

<sup>1</sup> Consumer Energy Resources (CER) includes infrastructure owned by a customer that generates, stores, or helps manage energy and includes flexible loads that can alter demand in response to external signals. Some examples include solar panels, batteries, electric vehicles, hot water heaters and pool pumps.

<sup>2</sup> We note that the government has committed to a Future Market Design of the National Electricity Market Review, with further details on the review expected shortly.

PREVIOUS RECOMMENDATIONS	UPDATE AND NEXT STEPS
<p><b>Harmonise state concessions schemes and energy relief grants programs</b> to create a more targeted and unified concessions framework across Australia.</p>	<p><b>While there has been a strong focus on bill relief, there remains opportunities to improve the framework for identifying and assisting customers in need.</b></p> <p>The AER's Game Changer Report was submitted to energy ministers in November 2023, with six options identified to progress to 'further design considerations': concession &amp; rebate system upgrades, automated better offer switching, improving access to financial counselling support, debt relief for customers experiencing financial hardship, energy efficiency measures, and a shared funding pool. At the July 2024 meeting, ministers agreed to progress a package of reforms to help households access cheaper energy deals, increase support for people experiencing hardship, and deliver more protections for consumers. Ministers also requested senior officials to work on options to support Commonwealth concession card holders to access state-based energy rebates.</p> <p>The AER is considering payment difficulty through its 'Review of Payment Difficulty Protections in the NECF'. The ESC in Victoria is also currently undertaking a review of the Energy Retail Code of Practice and will look at concession streamlining opportunities, with changes expected to commence in the second half of 2025. They have separately issued updated guidance on the existing Payment Difficulty Framework, including clearer direction for retailers on obligations relating to government grants and concessions. The NSW DCCEEW has recently updated their Social Programs for Energy Code, which expanded eligibility criteria for some benefits and simplified the framework. In Queensland, the government has recently provided substantial cost-of-living relief to residential and small business customers and is separately working with retailers to raise awareness of these measures including the Queensland Electricity Rebate.</p> <p><b>Next Steps:</b></p> <p>Opportunity remains to develop a plan to standardise assistance available to customers and improve systems to ensure that the customers doing it most tough are identified quickly so assistance can be provided in a timely manner.</p>
<p><b>Fast-track the roll-out of smart meters across Australia</b> to unlock potential consumer benefits, prioritising customers experiencing vulnerability.</p>	<p><b>Although the AEMC has progressed work to accelerate smart meter deployment, concerns have been raised with the impacts of tariff reassignment for some customers that occur with the installation of a new meter.</b></p> <p>With respect to fast-tracking the roll-out of smart meters, we note that the Australian Energy Market Commission (AEMC) has recently delayed their final decision on Accelerated Smart Meter Deployment to allow for further consultation on enhancing consumer protections. We welcome the AEMC's focus on ensuring that customers are protected during the roll-out of smart meters, including adequate and timely notice of a meter upgrade and the provision of information to make informed decisions about energy usage and associated tariffs. In this regard, we reiterate the importance of co-responsibility and recommend that tariff reform must necessarily consider both network and retail tariffs holistically.</p> <p><b>Next Steps:</b></p> <p>Opportunities to unlock potential consumer benefits through new tools should continue to be fast-tracked, especially for customers experiencing vulnerability. The rollout of smart meters for these customers is one opportunity, but communications to customers should improve. Governments, regulators, networks and retailers need to work together to make new technologies and pricing structures (including network tariffs) work for all customers but particularly those experiencing vulnerability. Governments and regulators need to set the right consumer protections, regulated tariff structures, pricing principles, and reassignment principles. These must be applied by networks and retailers, together and collaboratively, to be fair and to amplify consumer agency.</p>
<p><b>Accelerate business energy upgrades</b> including through durable, accessible bonus tax deductions to businesses for items that will improve energy performance permanently, and funding pilots demonstrating best practice in decarbonisation, energy efficiency, and energy cost reductions within different commercial sectors.</p>	<p><b>The government has provided some welcome assistance for small businesses in the most recent budget, but more durable and scalable solutions are required, including better communication of the availability and utilisation of support opportunities</b></p> <p>As part of its 24-25 Budget, the Australia Government announced support for small businesses to improve energy efficiency and lower emissions. This includes an investment of \$62.6 million through the Energy Efficiency Grants for Small and Medium Sized Enterprises program, providing grants of up to \$25,000 to businesses to fund a range of energy upgrades, such as replacing inefficient hot water systems with modern heat pump technology, swapping energy draining lights for new LEDs, and commercial refrigeration upgrades. The Commonwealth has also provided a \$325 energy rebate for around 1 million small businesses across the country.</p> <p><b>Next Steps:</b></p> <p>Backing businesses through guaranteed supports over the long-term, clear policy directions on fuel-switching, better government communication and administration of support opportunities, and more public trials and pilots to identify barriers to upgrades and improvements.</p>