



NEW ENERGY

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September
2015

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action.®

Since 1837

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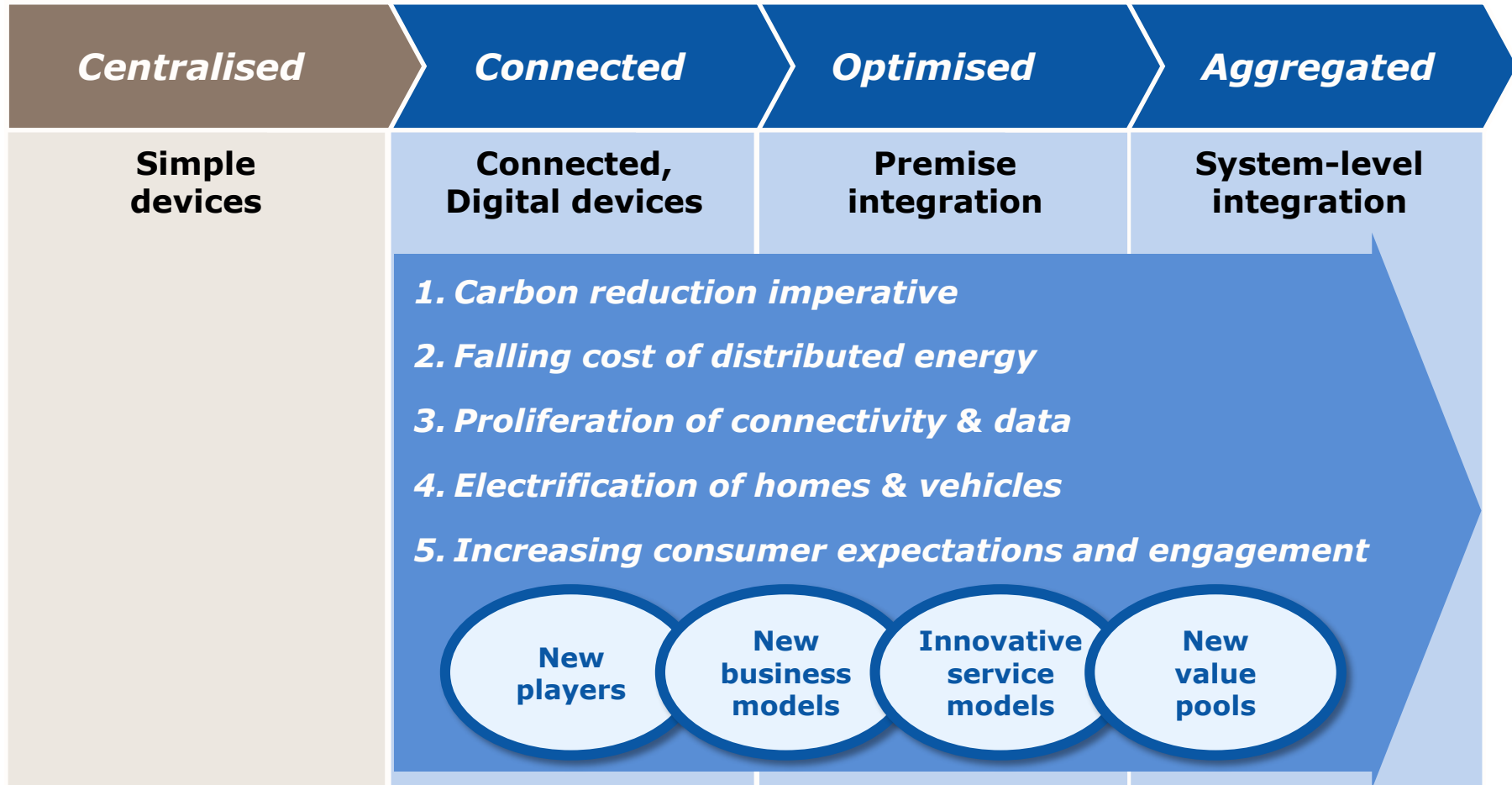
Moving from disruption to transformation.

- > This industry is changing, driven by multiple disruptive forces
- > Disruption to date, has largely been good for consumers
- > Transforming without adverse consumer impacts should be a priority
- > Transform to support competition, innovation and Australian leadership
- > Regulatory settings need to be agreed early, including:
 1. Appropriate technology standards
 2. Competitive neutrality
 3. Ring fencing of monopoly businesses
 4. Cost reflective network tariffs
- > By not managing the transition well, we risk losing the opportunity to transform the industry in a way that brings consumers with us

The global energy industry is changing.

Driven by multiple disruptive forces.

3



> Customer driven transformation

> AGL New Energy

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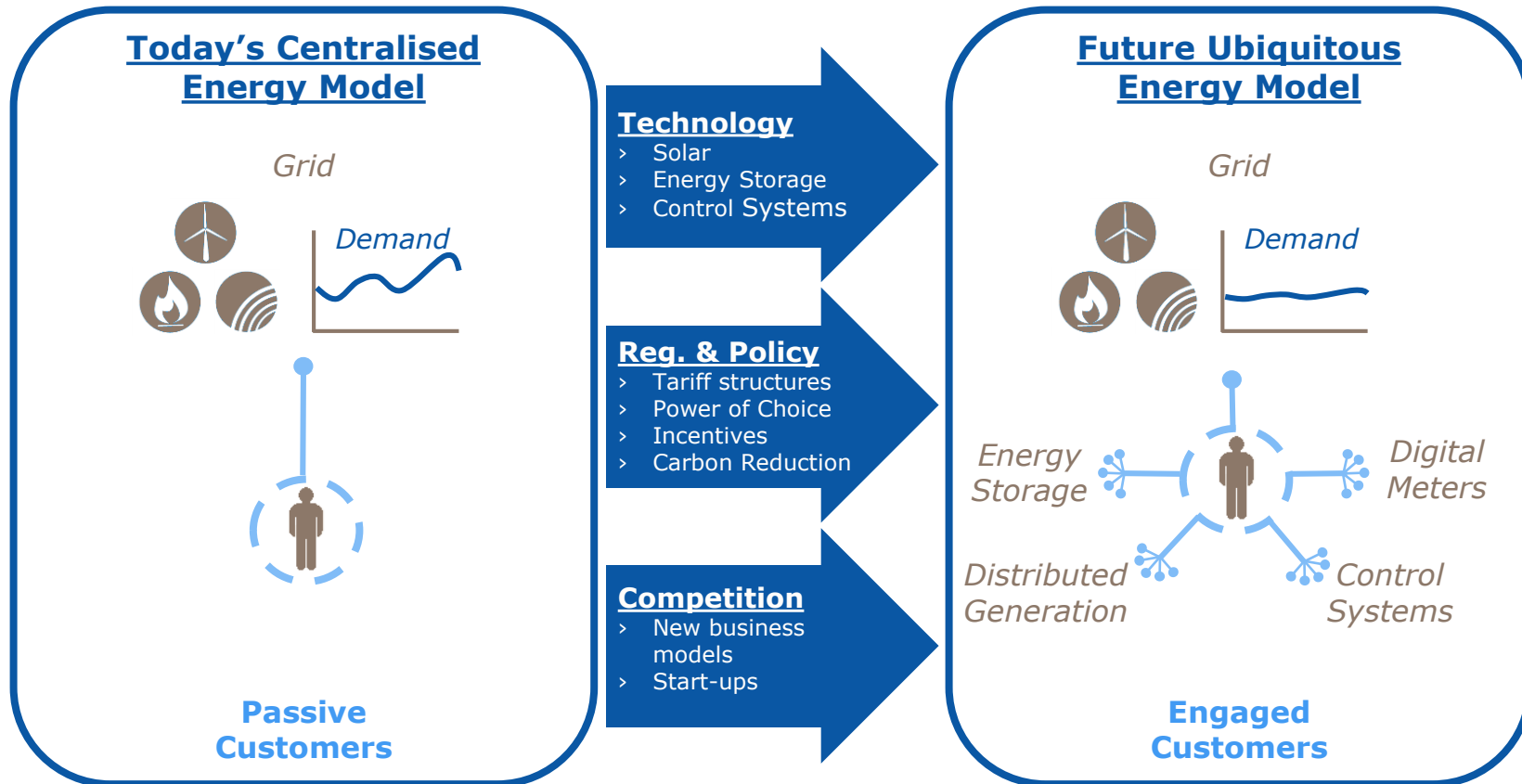
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Change driven by positive disruption.

Disruption from three directions has largely been good for consumers.

4



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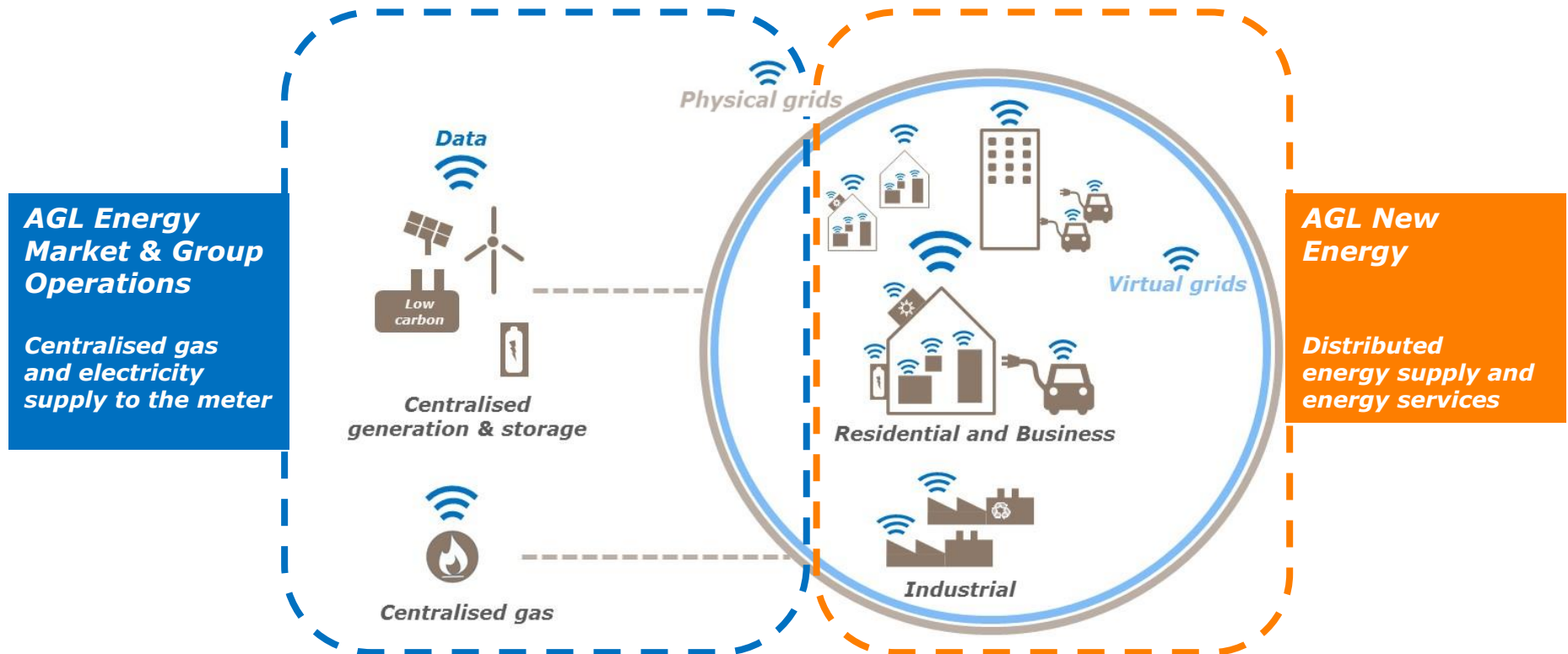
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New Energy business group role.

5

Playing key role in the transformation to a customer-driven energy market.



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New Energy products.

Focusing on comfort, convenience and control for our customers.

6

NEW ENERGY

Create 1 million smart connections across homes and businesses by 2020

Become preeminent customer choice for Competitive and Connected energy products and services that provide Convenience, Comfort and Control

**Large Commercial
Distributed Heat & Power**

**Small Commercial
Distributed Heat & Power**

**Commercial
Service & Repair**

Transport LNG & CNG

Embedded Networks

Demand Response

Digital Metering

Distributed Generation

Energy Storage

Electric Vehicle Services

Home Energy Management

Emerging Technologies

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Regulatory settings required early.

Policies that advocate the consumer and avoid bad disruption.

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1

Appropriate Technology Standards

- **Standards which promote:**
 1. customer choice
 2. enhance safety
 3. do not limit investment
 4. minimise overheads
- **Standards should remain agnostic of current and future regulation.**
- **Where possible based on international standards.**

2

Competitive Neutrality

- Different providers of products and services, in markets, must compete openly on their merits. In particular:**
- There can not be implicit or explicit advantages over each other.
 - There can not be different regulations for new entrants vs. incumbents.
 - There must be sensible customer protection requirements applied to all parties equally.

3

Ring Fencing Monopoly Businesses

- Monopoly businesses should not be allowed to use their regulated funds in contestable markets.**
- Ring fencing should incorporate legal and financial structures.
 - Data and information should not be used for competitive advantage.
 - Resources should not be shared.
 - This should not preclude them from competing though.

4

Cost reflective Network tariffs

- Cost reflective Network tariffs encourage more efficient energy use and reduce cross subsidies between customers.**
- Demand tariffs should not create barriers to the up-take of distributed energy solutions by customer.

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