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Dr Ron Ben-David
Chairperson
Essential Services Commission
2 Lonsdale Street
Melbourne, Vic 3000

16 October 2018

Dear Dr Ben-David

I am writing to follow up on my letter of 4 October 2018 regarding the assurances to be provided to the Essential Services Commission (**the Commission**) with respect to the submission of performance data by the relevant licensees of AGL Energy Limited (**AGL**).

The Commission requested the provision of assurances from a properly qualified and independent third party on the reliability of data resubmitted by 31 October 2018. We have been discussing this with AGL's independent auditor, PwC, and the Commission staff, and propose the following for the Commission's consideration.

1. With the provision of 2017-18 performance data by 31 October 2018, assurances from PwC agreed with the Commission, under an agreed upon procedures approach (**agreed upon procedures**); and
2. Assurances from PwC, with the scope and timings to be agreed with the Commission, under a reasonable assurance approach (**reasonable assurance**), but no later than by 14 December 2018.

Given the clear challenge between timeframes of the data being available to PwC and the time required to perform the necessary activities for a reasonable assurance engagement, AGL proposes an agreed upon procedures engagement. By 31 October 2018, PwC will perform procedures agreed with the Commission and report factual findings for the purposes of assessing the reliability of AGL's performance indicator data for 2017-18. The draft details of this engagement have been provided by PwC to the Commission staff.

In addition to the activity undertaken by PwC under an agreed upon procedures engagement, AGL will also request PwC to perform a reasonable assurance engagement, conducted under a tripartite relationship. The detailed scope and timings of this audit will be discussed and agreed with the Commission, and in any event will be completed no later than 14 December 2018.

Finally, I take this opportunity to reconfirm our commitments to the Commission to uplift our performance indicator reporting capability and to provide accurate and timely performance data to the Commission in future. AGL is progressing well, and I am confident in our ability to deliver revised performance data to the Commission by 31 October 2018.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'B. Redman', with a long horizontal flourish extending to the right.

Brett Redman
Interim Chief Executive Officer
AGL Energy Limited