

Decision on AGL's New Home Plan and New Home Builder Plan applications for market retail contract price certainty exemptions

Background

AGL Sales Pty Ltd (ACN: 090 538 337) (**AGL**) applied to the Essential Services Commission (**the commission**) on 1 September 2020, pursuant to clause 52C(c) of the Energy Retail Code, to exempt two proposed electricity market retail contracts (**proposed products**) from the price certainty requirements of clause 46AA of the Energy Retail Code.

AGL's proposed products were:

1. AGL New Home Plan
2. AGL New Home Builder Plan.

The commission considered AGL's application and on 1 June 2021 made a decision, pursuant to section 52C(c) of the Energy Retail Code, to exempt the above products from the requirement at clause 46AA of the Energy Retail Code.

AGL notified the commission on 16 August 2021 about its intent to commence offering these products from 23 August 2021. This is notification of the commission's decision for the purpose of paragraph 4.9 of the commission's Guideline: exemptions from complying with Energy Retail Code requirements to restrict market retail contract price increases to once a year (**Guideline**).

Exemptions granted

Summary

The commission made a decision, pursuant to section 52C(c) of the Energy Retail Code, to exempt AGL's proposed products – AGL New Home Plan and AGL New Home Builder Plan – from the requirement to restrict price increases to once a year on the basis that these products meet the specific needs of eligible customers. The commission considered that AGL's proposed pricing structure leads to savings for almost all eligible customers when compared to other offers in the market (including, but not limited to the Victorian Default Offer). However, the commission noted that if the flat fee component was increased, these customer benefits might cease to exist.

Accordingly, the commission's decision to exempt the products is subject to the following conditions.

Conditions of exemption

AGL New Home Plan

- The flat fee for electricity and service for the first six months is set at no more than \$200.
- At the end of this period the customer transitions on to AGL's best generally available offer that is available at the time of sign up, being either a fixed term retail contract (with a minimum term of 12 months) or an ongoing retail contract.
- The persons eligible for the product are customers building a new home at the supply address (whether that be the owner of the premises with plans to live at the property or small volume builders, connecting less than 20 residential sites to AGL each year).

AGL New Home Builder Plan

- The flat fee for electricity and service for the first six months is set at no more than \$150.
- At the end of this period the customer transitions on to AGL's best generally available offer that is available at the time of sign up, being either a fixed term retail contract (with a minimum term of 12 months) or an ongoing retail contract.
- The persons eligible for the product are volume builders (connecting at least 20 residential sites to AGL each year).

Other conditions

AGL must comply with the additional conditions set out in clauses 42D, 52DA and 52E of the Energy Retail Code relating to exempt contracts and the Guideline.

Period of exemption

The exemption is for a period of five years from 1 June 2021.