



Independent assurance report on AGL Energy Limited's Retail Performance Indicator Reporting to the Essential Services Commission of Victoria

Scope

In accordance with the terms of our engagement letter dated 19 November 2018, we were engaged by AGL Energy Limited ("AGL") to perform an independent reasonable assurance engagement in respect of AGL's Retail Performance Indicator Reporting to the Essential Services Commission of Victoria ("ESCV"), comprising AGL Sales Pty Limited and Powerdirect Pty Ltd for the period from 1 April 2018 to 30 June 2018. The criteria (the "Criteria") against which we assessed AGL's Performance Indicator submission is included in Section 3 of the Interim Compliance and Performance Reporting Guideline for Energy Retail and Distribution Licence Holder (version 3, 2017) (the "Guidelines").

AGL Management's responsibilities

AGL Management is responsible for the Performance Indicator Reporting and preparing the Performance Indicators for AGL Sales Pty Limited and Powerdirect Pty Ltd for the period 1 April 2018 to 30 June 2018 in alignment with the requirements set out in section 3 of the ESCV's Interim Compliance and Performance Reporting Guideline (version 3, 2017) utilising ESCV's retail performance indicator submission templates.

Our Independence and Quality control

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express an opinion based on the procedures we have performed and the evidence we have obtained. The procedures performed were agreed with AGL and the ESCV in the engagement letter dated 19 November 2018.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Performance Indicator Reporting has been prepared, in all material respects, in accordance with the requirements of Section 3 of the Interim Compliance and Performance Reporting Guideline for Energy Retail and Distribution Licence Holder (version 3, 2017), for the period 1 April 2018 to 30 June 2018. The nature, timing and extent of procedures performed depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Performance Indicator Reporting.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

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In making those risk assessments, we considered internal controls relevant to AGL Management's preparation of the Performance Indicator Reporting. Our procedures included:

- inquiry and observation of management and staff to understand AGL's controls relevant to the preparation of performance indicators
- undertaking procedures to evaluate the design effectiveness of key controls
- performing sample testing to validate the operating effectiveness of key controls
- sample testing and reperformance to assess the reliability and accuracy of reported performance indicators.

Scope exclusions

As agreed with AGL and the ESCV in the engagement letter dated 19 November, our procedures did not include:

- review of the completeness and accuracy of transaction processing or data input into AGL's source systems (e.g. SAP ISU, SAP CRM and Avaya)
- review of Information Technology General Controls for key systems and databases (e.g. SAP ISU, SAP CRM, and Avaya).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of report

Our report is intended solely for the information of the Board of Directors of AGL and the ESCV. Except as required by law the report may not be disclosed nor its contents published in any way (including on an internet website) without the prior written approval of PricewaterhouseCoopers. PricewaterhouseCoopers does not accept any responsibility to any party other than the Board of Directors of AGL and the ESCV.

Inherent limitations

Because of the inherent limitations of any internal control structure and scope exclusions highlighted in "Our responsibility" section above, it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all instances of non-compliance of the AGL's Retail Performance Indicator Reporting to the ESCV with the Guidelines, as it is not performed continuously throughout the period from 1 April 2018 to 30 June 2018 and the assurance procedures performed in respect of compliance with the Guidelines are undertaken on a test basis. The reasonable assurance conclusion expressed in this report has been formed on the above basis.

Summary of Findings

Based on the outcomes of the agreed procedures, we have assessed the performance indicators for AGL Sales Pty Limited and Powerdirect Pty Ltd, for the period 1 April 2018 to 30 June 2018, in accordance with the reliability and accuracy grades set out in Section 6 of the ESCV Audit Guideline for Energy Businesses (dated 24 April 2018). As no exceptions were noted to the reported performance indicator values, a reliability and accuracy rating of 'A1' has been applied to each performance indicator. Our findings based on this assessment are outlined in Appendix A.



Conclusion

In our opinion, based on the agreed procedures, AGL's performance indicators for AGL Sales Pty Limited and Powerdirect Pty Ltd, for the period 1 April 2018 to 30 June 2018, as submitted to the ESCV, have been prepared, in all material respects, in accordance with the requirements of Section 3 of the Interim Compliance and Performance Reporting Guideline for Energy Retail and Distribution Licence Holder (version 3, 2017).

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

PricewaterhouseCoopers

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

Trevor Johnston
Partner

Melbourne
14 December 2018



Appendix A – Summary of Findings

As part of our work performed, we have assessed the performance indicators for AGL Sales Pty Limited and Powerdirect Pty Ltd, for the period 1 April 2018 to 30 June 2018, in accordance with the reliability and accuracy grades set out in Section 6 of the ESCV Audit Guideline for Energy Businesses (dated 24 April 2018).

ESCV Ref.	ESCV Performance Indicator	ESCV Reliability & Accuracy Rating
Background Indicators		
B010	Residential Electricity Customers on standard retail contracts	A1
B020	Residential Electricity Customers on market retail contracts	A1
B021	Customers with Feed-in tariffs	A1
B030	Small Business Electricity Customers on standard retail contracts	A1
B040	Small Business Electricity Customers on market retail contracts	A1
B050	Business Electricity Customers (40-100MWh)	A1
B060	Business Electricity Customers (100-160MWh)	A1
B070	Business Electricity Customers (> 160MWh)	A1
B080	Residential Gas Customers on standard retail contracts	A1
B090	Residential Gas Customers on market retail contracts	A1
B100	Small Business Gas Customers on standard retail contracts	A1
B110	Small Business Gas Customers on market retail contracts	A1
B120	Large Retail Gas Customers	A1
B180	Residential Customers falling behind on payment	A1
Disconnection & Reconnection Indicators		
D010	Estimated accounts	A1
D020	Instalment payment plans	A1
D021	Instalment payment plans not covering use	A1
D022	Instalment payment plans covering use	A1
D023	Duration of instalment payment plans	A1
D024	Debt on entry to instalment payment plans	A1
D030	Refundable advances – number	A1
D040	Refundable advances – amount	A1
D050	Disconnections for non-payment	A1
D051	Other disconnections	A1
D060	Reconnections within 7 days	A1
D070	All reconnections	A1
D080	Disconnections previously on an instalment payment plan	A1
D090	Disconnections on more than one occasion	A1
D100	Disconnections of energy concession customers	A1
D110	Reconnections previously on an instalment payment plan	A1
D120	Reconnections on more than one occasion	A1
D130	Reconnections of energy concession customers	A1
Financial Hardship Program Indicators		
H010	Hardship program participants	A1
H020	New entrants into a retailer's hardship program	A1
H030	Hardship program participants receiving energy concessions	A1
H040	Customers denied access to a retailer's hardship program	A1
H050	Average debt of new entrants into a hardship program	A1
H060	Debt classifications of new entrants into a hardship program	A1



ESCV Ref.	ESCV Performance Indicator	ESCV Reliability & Accuracy Rating
H070	Average debt of hardship program customers	A1
H080	Average length of participation for customers in a hardship program	A1
H090	Hardship program exits with agreement from the retailer	A1
H100	Hardship program exits due to switching, transferring or leaving retailer	A1
H110	Hardship program participants excluded for not complying with requirements	A1
H120	Disconnections of all previous hardship program customers within 12 months	A1
H130	Reconnections of all previous hardship program customers within 12 months	A1
H140	Energy field audits provided at no cost	A1
H150	Energy field audits provided at partial cost	A1
H160	Average cost contributed to an energy field audit where a customer contribution was required	A1
H170	Appliances provided under a hardship program	A1
Call Centre Indicators		
CC010	Calls to account line	A1
CC020	Calls to an operator	A1
CC030	Calls to an operator responded to within 30 seconds	A1
CC040	Average waiting time	A1
CC050	Abandoned calls	A1
Complaints Indicators		
C010	Complaints – billing	A1
C020	Complaints – marketing	A1
C030	Complaints – customer transfers	A1
C040	Complaints – other	A1