AGL Energy Limited
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065
t: 02 9921 2999
f: 02 9921 2552
agl.com.au

Governance Project Team Secretariat

Via email: GPTSecretariat@industry.gov.au

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Submission to GPT Secretariat's Proposed Classification of the Tiers for the reform of the AER Civil Penalty Regime

AGL Energy (**AGL**) welcomes the opportunity to comment on the Governance Project Team Secretariat's (GPT secretariat) Proposed Classification of the Tiers for the reform of the Australian Energy Regulator (AER) Civil Penalty Regime (Classification Consultation).

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy and provides energy solutions to over 3.5 million customers in New South Wales, Victoria, Queensland, Western Australia, and South Australia.

The purpose of the Classification Consultation is to determine how the civil penalty provisions under the national energy laws should be reclassified given the purpose of the amended penalty framework. The consultation paper includes a draft decision matrix based on 'concepts', or in effect criteria to assign the penalty tier classification. These concepts are intended to be derived from 'key themes' of the national energy objectives as set out under the National Energy Laws.

As set out in the attached submission, we consider the proposed decision matrix does not achieve the purpose of the intended changes to the civil penalty framework. We note that rather than applying a meaningful hierarchy of civil penalty obligations, the decision matrix has inadvertently led to the highest tier becoming the default due to the broad definition of the 'concepts' under assessment and the trickle-down approach.

We consider the decision matrix should be reversed such that the default position is that penalties remain at the lowest tier and are only adjusted if there is a need to change. Further, the assessment criteria should more clearly take into account the level of penalties which are necessary in order to achieve appropriate levels of deterrence against behaviour aimed at circumventing obligations.

If you have any queries about this submission, please contact Kyle Auret on (03) 8633 6854 or KAuret@agl.com.au.

Yours sincerely,

Elizabeth Molyneux

General Manager Policy and Energy Regulation