



AGL Energy Limited

T 02 9921 2999

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St
Sydney NSW 2000
Locked Bag 14120 MCMC
Melbourne VIC 8001

Head of Payments Policy Department

Reserve Bank of Australia

GPO Box 3947

By Email: pysubmissions@rba.gov.au

26 August 2025

Reserve Bank of Australia: Review of Merchant Card Payment Costs and Surcharging Consultation Paper

AGL Energy (**AGL**) welcomes the opportunity to provide a response to the Reserve Bank of Australia's (RBA) *Review of Merchant Card Payment Costs and Surcharging Consultation Paper* (the **Paper**).

Broadly, AGL supports the policy intent behind the RBA's review of merchant card payment costs and surcharging. As one of the largest providers of energy in Australia, AGL has extensive experience in supporting customers to understand their energy bills and payments, and agrees that by removing surcharging, it would make card payments simpler and more transparent.

While AGL notes the focus of the RBA's review is to seek feedback on the proposed options to remove surcharging, lower interchange fees and increase transparency of card payment under discretionary powers in accordance with the *Payment Systems (Regulation) Act 1998* (Cth), our response is confined to considerations regarding price structures and implementation.

Impact on price structures

AGL appreciates that the proposed measure to cap the interchange fee at 0.3 per cent is intended to assist business growth and reduce costs for customers. Implementing this cap may result in a reduction in interchange fee recovery by banks, which are typically closer to 0.8 per cent. We are concerned that if banks are unable to recover interchange fee costs, there is a risk that new fees may be introduced, or alternative channels may be leveraged to recover these costs. For example, under the current regulatory structure, some merchants have negotiated strategic rates with their banks, which may be modified or withdrawn to offset the reduction in interchange recovery. This may have the net effect of actually increasing payment processing costs for merchants.

Similarly, merchants themselves may need to take steps to modify the way they recover their payment processing costs. If merchants are restricted from recovering these costs (which may have also increased for the reasons set out above), it may necessitate further cost-shifting, and ultimately the socialisation of costs across all customer segments.

Proposed implementation timeline

AGL acknowledges the RBA's effort to align the implementation of the proposed card payment fee changes, with the aim to maximise the benefits of the overall policy package. However, AGL notes the RBA's proposed 1 July 2026 commencement date, outlined in **Section 8** of the Paper, may not provide sufficient time for merchants to adjust operations.

The Australian energy sector is highly regulated and complex, particularly in relation to energy pricing and billing. For example, the content and design of energy bills is subject to stringent and prescriptive billing guidelines. In addition to navigating a complex regulatory framework, the sector also serves a large and diverse customer base



with varied needs. This complexity, combined with extensive system requirements, means changes require significant lead time to implement.

AGL has determined that it would need to undertake significant changes to systems, processes and customer collateral to meet new payment requirements. This system functionality is essential for ensuring the efficient and effective operation of payment processing for AGL. Accordingly, system changes of this nature involve a rigorous process to shape, develop, implement and test any new functionality. These changes must also be prioritised against AGL's existing pipeline of system changes, also taking into account the finite technical resources that support them. This is especially pertinent for AGL as we are currently engaged in major retail transformation activities through to July 2027, all of which require comparable levels of resourcing.

AGL, therefore advocates for a transitional period of up to 12-months from the date of a final determination for merchants to implement the proposed reforms. The current implementation timeframe is too short to allow participants to carry out the necessary technology, system, and procedural changes required.

More broadly, the Australian energy sector is undergoing sizable regulatory reform, driven by goals to decarbonise and secure our system. A longer transitional period for wider reforms such as this would assist our industry in managing competing regulatory priorities and new compliance obligations.

About AGL

Proudly Australian for more than 185 years, AGL supplies around 4.5¹ million energy, telecommunications, and Netflix customer services. AGL is committed to providing our customers simple, fair, and accessible essential services as they decarbonise and electrify the way they live, work, and move.

AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a lower emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan. We'll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

If you have any questions in relation to this submission, please contact Emma Holloway (Manager, Policy & Market Regulation) at eholloway@agl.com.au.

Yours sincerely,

A handwritten signature in black ink that reads 'Liam Jones'.

Liam Jones
Senior Manager Policy and Market Regulation

¹ Services to customers number as at 31 December 2024.