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2022 Reliability Standard and Settings Review – REL0082

Submission via AEMC website

4 March 2022

AGL Response to Reliability Panel 2022 Reliability Standard and Settings Review issues paper

AGL Energy (**AGL**) welcomes the opportunity to comment on the Reliability Panel (**the Panel**) 2022 Reliability Standard and Settings Review issues paper (**issues paper**).

AGL is one of Australia's largest integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications, providing solutions to around 4.2 million across Australia.

The Panel is assessing whether the current reliability standard and settings remain appropriate for the expected market conditions from 1 July 2024 to 30 June 2028. We note that the AEMC is considering delaying the Panel's period of the assessment, July 2025 to June 2028, to accommodate broader potential ESB market reform.

In this review, the Panel must consider whether the limit of the cumulative price threshold (CPT) and the form and level of the administered price cap remain (APC) appropriate as the market transitions. In particular, the Panel should consider how the APC will affect market participants when the generation mix becomes increasingly supplied from intermittent generation backed by flexible generation sources. A key focus of the Panel should be what form and level will ensure dispatchable generation will remain in market during an APC event. If these types of generation exit the market during an APC event, AEMO will likely need to direct these types of generation sources therefore giving rise to market inefficiency and additional costs on the market during this period. With this in mind the Panel should consider whether there is merit in increasing either the CPT, the APC, or shortening the duration of the APC event, or a combination thereof.

We note the Panel will be modelling the standard and each of the settings under assessment. At this early stage we note the Panel is yet to publish the methodology and the inputs and assumptions that underpin the modelling. We understand the modelling will be a variation of the AEMO ESOO model. We look forward to looking through these fundamental documents to provide comment in the near future.

More broadly, we support the reliability Panel's approach when designing the scenarios and reliability risks. It is critical that the investment pathway of new capacity and the retirement of existing generation capacity is based on actual commitments and economic decisions based on market price and dispatch outcomes. Imposing alternative scenarios such as the AEMO 2022 ISP step change scenario, will change the purpose of the model. Including these scenarios will in effect calculate the necessary standard and settings to achieve this alternative scenario rather than calibrating the standard and settings to continue to facilitate economically efficient decision making.

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

Chris Streets

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