



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

Australian Energy Market Commission

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Calculation of system strength quantity – draft rule determination

AGL Energy (AGL) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) draft rule determination for the calculation of the system strength quantity (SSQ) component of the system strength charge.

Proudly Australian for more than 186 years, AGL supplies around 4.3 million energy and telecommunications 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 (NEM), comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production 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.

AGL acknowledges the ongoing need for investments in system strength services to ensure the secure operation of the power system as the electricity sector decarbonises through the connection of new renewable sources of generation. AGL supports efforts to ensure the two options to address the system strength impact of new connections or alterations to a connection point (self-remediation or paying a charge for centrally provided system strength services) are equivalent.

AGL acknowledges that under the current rules:

- the SSQ calculation does not account for the minimum or steady-state stability short circuit ratio below which a connected plant cannot stably operate and export its rated capacity.
- generators electing the charge option pay for the total system strength requirement at a connection point, not just the adverse system strength impact caused by the connection as the NER intended.
- the charging and remediation options are therefore not equivalent with remediation only requiring connecting generators to do so to mitigate the adverse system strength impact caused by its connection.

AGL supports the intent for consultation on an appropriate minimum stability coefficient in the SSQ so it can be broadly comparable to the calculation of the system strength impact used for self-remediation.

AGL also supports actions under the draft rule to:

- Shift responsibility for determining the SSQ calculation from the National Electricity Rules (NER) to the Australian Energy Market Operator (AEMO) as part of the system strength impact assessment guidelines (SSIAG).
- Introduce new policy principles to guide AEMO and provide clarity to stakeholders about what SSQ should represent.
- Clarify the process of moving from an indicative to a final SSQ, noting the final SSQ remains in place unless plant is altered.
- Include transitional arrangements for applicants mid-process and a start date for the new arrangement of 1 July 2024.

If you have any queries about this submission, please contact Alifur Rahman on +61 416 001 664 or at ARahman3@agl.com.au.



Yours sincerely,

Anton King

A/g Senior Manager Wholesale Markets Regulation