

AGL View on Connection Rule Changes

AEMC Public Forum

Presented by
Nigel Bean

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Agenda



AGL Energy



Connection
Experience



A or B



Looking
Forward



How Hard Can it
Be?



What next?

AGL Energy

Australia's largest Generator

Australian for Energy

Proudly Australian since 1837, supplying gas for the first street lamp in Sydney in 1841.

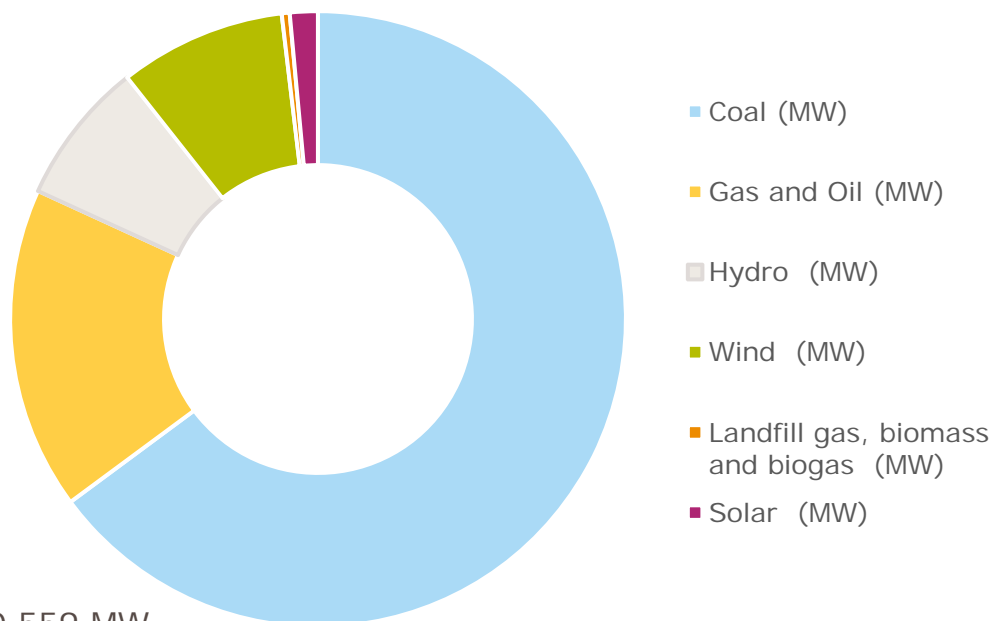
The second Australian company to be listed on the then Sydney Stock Exchange in 1871.

Serving Customers

Leading integrated energy company with 3.7 million customers across gas, electricity, solar PV and batteries.

Generating Power

Largest private developer and operator of developer renewable generator.



Total capacity: 10,559 MW

This breakdown includes owned, operated and controlled generation assets

AGL's Connection Experience

Constantly connecting

	2 Solar Plants	12 utility scale plants in 14 years Over 1.5GW	2 GT peakers	
Bogong Hydro	SA, Victoria, NSW		7 Wind farms	Distribution and Transmission Connections

A or B

Operate or handover

The Options

- (A) Build and Own
- (B) Build, Own and Operate

The Differences

B avoids a handover to the TNSP

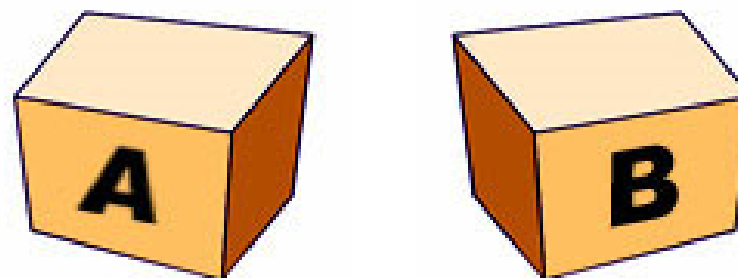
B avoids the TNSP being involved with warranty or defects

B provides clarity and market testing of O&M costs

Issues?

TNSP design review and approval is an issue now when there is an incentive to perform – what about when TNSP is “disenfranchised”?

Where do deep connection works sit?



Looking forward

If you build it they could possibly come some time in the future, or never, but I don't care because you are paying

TNSP Perspective

The long run cost of the network should be optimized and paid for by someone else

Generator Perspective

My costs should be optimized as I pay for them

Issues

AGL paid for a 500kV hub at Macarthur

No one has connected, AGL bears the cost

Do hubs actually produce a community benefit?

Dedicated Connection Assets – is there anything to access?



How Hard Could It Be?

Hard is easy....

Cost / Benefit

Current rules deliver connections

Probably not the lowest cost

Technical/commercial process is not quick

Is there a benefit? 10% saving = 1% of project

Option B

Lower cost construction/operations

Quicker construction?

More parties, more agreements

Disinterested/risk adverse TNSP

Higher cost formation

Longer to negotiate?



What next

Can a decision be made yet?

AGL view

Option B with its BOO structure is probably the better option; but

The cost benefit of the rule change is not yet demonstrated.

A COMMERCIAL STRUCTURE TO DELIVER OPTION A & B NEEDS TO BE SET OUT AND EVALUATED

Other Issues

Imposts such as hubs which deliver real immediate costs to access seekers for supposed (and often illusory) benefits to the community need to be re-evaluated.

Treatment of deep connection works needs clarification

