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Ms Daniella Moraes

Australian Energy Market Commission

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Submitted online through the AEMC portal: [www.aemc.gov.au](http://www.aemc.gov.au)

20 May 2021

Dear Daniella,

AGL Energy Limited (AGL) is pleased to provide comment on the Australian Energy Market Commission's (AEMC), consultation paper on the *NEM Settlement under low, zero and negative demand conditions* rule change request (ERC0326), put forward by the Australian Energy Market Operator (AEMO).

AGL understands AEMO's requirement for an urgent rule change proposal that seeks to ensure the national electricity market (NEM) can settle when regional demand is below 1 MWh. AGL is supportive of the rule proposed that will allow AEMO to substitute numbers into its non-energy cost allocation formulas to ensure that these will continue to calculate and the NEM can be settled.

AGL does not support the suggestion made by Infigen that the substitution threshold in AEMO's rule change request could be raised from 1 MWh to 150 MWh as discussed in Section 4.4 of the *Settlement under low operational demand* consultation paper (ERC0327). By increasing the threshold to 150MW the likelihood of this substitution being utilised is greater and AGL is concerned that this alternative still requires extensive coding, testing and implementation. With other major rule change processes occurring during Spring 2021; such as the five-minute settlement and wholesale demand response mechanisms; AGL believes that AEMO should focus on implementing a simple yet effective solution until a longer-term solution can be considered. A long-term solution is likely to evolve with the determination on the *Integrated Energy Storage systems into the NEM* consultation and rule change process and after the implementation of the five-minute settlement process has occurred and any glitches issues attended to.

If you have any questions about this submission, please contact Marika Suszko, Wholesale Regulation Manager at [msuszko@agl.com.au](mailto:msuszko@agl.com.au).

Yours sincerely,

Chris Streets

Senior Manager, Wholesale Market Regulation