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**Mr John Pierce**  
**Australian Energy Market Commission**  
**PO Box A2449**  
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**22 February 2019**

**Submission to the Early Implementation of ISP Priority Projects – Consultation Paper (ERC0258)**

AGL Energy Limited (AGL) is one of Australia’s leading integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy and provides energy solutions to over 3.6 million customers in New South Wales, Victoria, Queensland, Western Australia, and South Australia. In addition, we continue to be an aggregator and developer of Demand Response (DR) and Distributed Energy Resource (DERs) solutions.

AGL welcomes the opportunity to comment on the Australian Energy Market Commission’s (**AEMC**) consultation paper on the Early Implementation of the 2018 Integrated System Plan Group One projects (the **Consultation Paper**). The applicable ISP projects are an increase in transfer capacity of:

- 170MW from Victoria to New South Wales (northwards)(VNI); and
- 190MW from Queensland to New South Wales (southwards)(QNI).

We note that the Consultation Paper proposes amendments to the National Electricity Rules (NER), to enable the three identified Australian Energy Regulator (AER) processes<sup>1</sup> to be run concurrently, instead of sequentially, as is the case under current regulatory arrangements. AGL also understands that no regulatory changes (including to approval mechanisms) are proposed to the identified processes, and that therefore the rule change is limited to speeding up processes only to enable simultaneous review where appropriate. On this basis, AGL supports the proposal.

However, AGL also understands that while the Consultation Paper refers to the two VNI and QNI projects above, in practice, if the rule is approved, the AER RIT-T processes would apply to all projects covered by the applicable RIT-T consultations. Specifically, an affirmative determination by the AEMC would extend

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<sup>1</sup> Outlined in the Consultation Paper as the:

- period for notification of disputes in relation to the Regulatory Investment Test for Transmission (RIT-T) under NER clause 5.16.5;
- AER’s analysis of the preferred option for the investment identified in the RIT-T under NER clause 5.16.6; and
- application for, and assessment of, the revenue allowance for the identified projects as contingent projects under NER rule 6A.8.



these flexibilities to all QNI projects, including the proposed 460MW northward capacity upgrade. Noting that these RIT-T consultations are ongoing, and a full quantitative assessment has yet to be completed, AGL cautions the AEMC to ensure its final determination clearly outlines the outputs of its decision and does not limit or unintentionally impact the RIT-T process for each project.

If you have any queries about this submission, please contact Dan Mascarenhas on (03) 8633 7880 or [DMascare@agl.com.au](mailto:DMascare@agl.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Elizabeth Molyneux'.

Elizabeth Molyneux  
General Manager Energy Markets Regulation