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## **AGL Energy's draft rule determination – Managing ISP project uncertainty through targeted ex post reviews – National Electricity Amendment Rule 2024**

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) draft rule determination on managing ISP project uncertainty through targeted ex post reviews.

### **About AGL**

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, move and work.

AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market, 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 (**CTAP**).

### **The draft rule determination**

AGL understands the AEMC's draft determination will enable the Australian Energy Regulator (**AER**) to undertake separate, targeted ex post reviews on capital expenditure (capex) for Integrated System Plan (**ISP**) and non-ISP projects, instead of undertaking a single review of the total capex for all projects of a transmission network service provider (**TNSP**).

The draft determination provides that the ex post review is a mechanism of last resort to enable the AER to prevent TNSPs from charging consumers for any inefficient capex overspends and will form part of a package of incentive mechanisms to encourage TNSPs to undertake efficient capex.

We understand the AER already has a process for conducting ex post reviews, and that the AEMC's expects the AER will not change this process under the draft rule. Under the draft rule, however, the AER's ability to conduct an ex post review will not be limited to the total capex for all projects of a TNSP and will instead allow for the review of capex relating to either ISP or non-ISP projects.

AGL has previously supported the consideration of ex-post regulation for major transmission projects as part of the Transmission planning and investment review (**TPIR**).

Our CTAP also recognises the critical role new transmission infrastructure will play in Australia's transition towards Net Zero by 2050. AGL's CTAP also acknowledges the importance of how customers are affected by the build of new infrastructure, and that efforts need to be made to ensure costs are recovered equitably from customers without impacting on energy affordability.



AGL supports the AEMC's draft determination as it provides the AER with additional flexibility in responding to inefficient capex overspends by TNSPs and help ensure consumers do not pay for inefficient capex on ISP projects.

If the AEMC would like to discuss this draft rule determination further, or any of the points made in our submission, please contact Warren Vosper at [WVosper@agl.com.au](mailto:WVosper@agl.com.au).

Yours sincerely,

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