



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

Submitted online

4 July 2024

AGL Energy Limited **AEMC's draft rule determination – Bringing early works forward to improve transmission planning – National Electricity Amendment Rule 2024**

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) draft rule determination to encourage transmission network service providers (**TNSPs**) to conduct early works for actionable ISP projects

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 engaged in the AEMC's Transmission planning and investment review (**TPIR**) throughout 2021 to 2023. Our involvement to date demonstrates the critical role new transmission infrastructure will play in Australia's transition towards Net Zero by 2050.

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.

Relevant to the AEMC's draft rule determination, in previous submissions we have raised concerns about the confusion around 'preparatory activities' and 'early works', as well as the importance of ensuring activities conducted by TNSPs are subject to appropriate rigour.

The amendments proposed by the AEMC in its draft rule determination differ from some of the alternatives we have supported in past submissions. However, we consider the measures, when viewed collectively, should effectively tackle the existing framework's issues. Further, we are optimistic that the incorporated checks and balances should enhance consumer outcomes while simultaneously ensuring a suitable level of certainty for TNSPs.

Specifically, introducing a definition in the National Electricity Rules (**NER**) for 'early works' addresses the confusion around the use of this term which is currently undefined, and 'preliminary activities' which is defined. The definition for 'early works' is clear, in that it relates only to activities undertaken by TNSPs in respect of an actionable ISP project. Also, the definition should help improve outcomes for consumers as it specifies the activities are those which improve the accuracy of cost estimates and facilitate the delivery of the project within the most recent ISP's timeframes.



We support the AEMC's approach of incorporating principles in the NER which the AER will be required to have regard to when assessing an early works contingent project application, instead of relying on principles set out in AER Guidelines.

We understand that the AER needs to be satisfied that both principles are met to ensure it only approves a regulatory allowance for activities where the benefits to consumers outweigh the potential harms. We support the two principles, and the AEMC's proposed process around their application by the AER.

We consider these principles should help ensure the risks associated with submitting an early works contingent project application and undertaking early works prior to completing a RIT-T are adequately addressed.

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.

Yours sincerely,

Anton King

Senior Manager (ag)
Policy and Markets Regulation