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Mr Julian Eggleston

Director

Australian Energy Market Commission

Level 6, 201 Elizabeth Street

Sydney, NSW, 2000

10 August 2017

Dear Mr Eggleston

Managing Power System Fault Levels Draft Determination

AGL welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Determination on Managing Power System Fault Levels (Draft Determination).

AGL is one of Australia's leading integrated energy companies and 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 generation fuel sources as well as renewable sources. AGL is also a significant retailer of energy, providing energy solutions to over 3.7 million customers throughout eastern Australia.

The views expressed in this submission leverage on AGL's considerable market experience.

AGL notes that the Draft Determination is designed to respond to issues associated with reducing system strength as part of the AEMC's System Security work program, which aims to guard against technical failures and deliver a more stable and secure power supply to Australian homes and businesses. As the NEM transitions to a different generation mix, this work is vital for maintaining system security and reliability.

However, on balance, AGL does not support this rule change. AGL considers that using a short circuit ratio threshold as a proxy for system security is too simplistic a solution to a complex and evolving situation. It is true that synchronous generators are inherently homogenous, whereas modern power electronic interfaces can be designed for a wider range of responses to system conditions, making them more difficult to predict. However, AGL considers that potential issues emanating from modern power electronic interfaces should be assessed on an individual basis. A 'one size fits all' threshold does not reflect the complexity of different elements of the system.



In addition, AGL notes that the Draft Determination does not provide a comprehensive analysis of the consequences of not implementing this rule change. Consequently, it is unclear what benefits this rule will provide.

If you have any queries about the submission or require further information, please contact Brigid Richmond at brichmond@agl.com.au or on 03 8633 6631.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Camroux'.

Simon Camroux

Senior Manager, Wholesale Regulation