



AGL Energy Limited

T 02 9921 2999

F 02 9921 2552

agl.com.au

ABN: 74 115 061 375

Level 24, 200 George St

Sydney NSW 2000

Locked Bag 1837

St Leonards NSW 2065

Australian Energy Market Operator
forecasting.planning@aemo.com.au

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Draft 2021 Inputs, Assumptions and Scenarios Consultation Feedback session

AGL Energy (AGL) welcomes the opportunity to comment on the recent Australian Energy Market Operator (AEMO) Draft 2021 Inputs, Assumptions and Scenarios Consultation Feedback session.

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.

AGL supports AEMO's decision to convert the Diversified Technology Scenario (previously named the Gas-led Recovery Scenario) into a sensitivity as this better reflects the likelihood that low priced gas supplies will become available.

AGL supports AEMO's decision to replace the central scenario with two different scenarios, the Current Trajectory Scenario (which does not extend policy beyond existing commitments, particularly 26-28% by 2030) and the 2050 Net Zero Scenario (which transitions from the 2030 commitment to net zero emissions in 2050). We consider this change appropriate given all Australian states and territories have adopted a target of net zero emissions by at least 2050 and recent Federal Government discussions regarding adopting a similar target.

Where State or Federal government policy includes legislated targets (such as the NSW Electricity Infrastructure Roadmap commitment to support an initial 12 GW of new generation capacity by 2030) AGL suggests that this investment should be fully reflected in all ISP scenarios, including through accounting for any generator closures that may occur due to the policy.

In regard to modelling of generator closures, AGL suggests that AEMO consider a broad range of factors. Technical end of life, fuel availability, jurisdictional retailer of last resort obligations, the effects of contract markets, portfolio effects, and potential government intervention to slow or accelerate a closure should all be considered in addition to economic viability. We note that economic viability should include consideration of revenue from the provision of electricity, ancillary and system services.

To improve the utility of AEMO's reporting AGL suggests that all limitations and constraints to the modelling be well articulated and transparent. This will help further analysis of the results and make it easier for stakeholders to adapt the modelling to their specific needs.

If you have any queries about this submission, please contact Anton King on (03) 8633 6102 or aking6@agl.com.au.

Yours sincerely,

Chris Streets

Senior Manager Wholesale Markets Regulation