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AGL Response to offshore renewable energy infrastructure area proposal

AGL Energy (**AGL**) welcomes the opportunity to respond to the offshore renewable energy infrastructure area proposal for the Pacific Ocean off Hunter.

AGL is a leading integrated essential service provider, with a proud 185-year history of innovation and a passionate belief in progress – human and technological. We deliver 4.3 million gas, electricity, and telecommunications services to our residential, small, and large business, and wholesale customers across Australia. We operate Australia's largest electricity generation portfolio. Our installed capacity of operated generation assets in FY22 was 10,330 MW, which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market (**NEM**). We have the largest renewables and storage portfolio of any ASX-listed company, having invested $4.8 billion over two decades in renewable and firming generation.

AGL understands the importance of supporting a range of technologies with complementary functions in the transition from traditional fossil fuel-based power generation to a fully decarbonised grid.

In our inaugural 2022 Climate Transition Action Plan (CTAP) under the Say On Climate initiative, we clearly state AGL's updated ambition to become an integrated low-carbon energy leader, including:

1. Targeting a full exit from coal-fired generation by the end of 2035 (up to a decade earlier than previously announced).
2. Ambition to meet customer energy demand with around 12 GW new firming and renewable assets by 2036.
3. An initial target of 5 GW new firming and renewables by 2030.

AGL has committed to repurposing its large thermal generation sites into low carbon industrial Energy Hubs. Our industrial Energy Hubs at Loy Yang, Torrens Island and in the Hunter will bring together renewable energy production and storage with energy-intensive industries, centred around a shared infrastructure backbone. This existing infrastructure backbone may also play a role in offshore wind developments.

Our plan recognises that a balance needs to be struck between responsible transition and rapid decarbonisation to keep Australia's electricity supply secure, reliable, and affordable – principles that are equally relevant for the establishment of Australia's offshore wind industry.

We reiterate a number of points highlighted in our Gippsland submission which remain valid for the offshore wind developments in the Hunter region.

Supporting a range of renewable energy technologies

We are supportive of the government dedicating resources to the development of a portfolio of renewable energy generation technologies and we understand that earlier stage technologies may require higher levels of subsidy than more mature options. At the same time, we are acutely aware of the current cost of living crisis and the spotlight on consumer energy bills. We therefore continue to advocate for a lowest-cost decarbonisation pathway. While we recognise that emerging technologies like offshore wind may require some initial government support to unlock scale and private investment, the long-term funding of new technologies like offshore wind should not see the technology subsidised to the extent of freezing investment in other, comparatively cheaper onshore generation options to ensure the lowest cost decarbonisation pathway is achieved.

Encouraging market entrants to foster competition

We also propose that government should aim to encourage as much competition in the offshore wind industry as possible to keep electricity prices down in the long run. It may be necessary for government to support new entrants with their pathway to market. Government may also need to step in to support consumers and communities, communicating the benefits of offshore wind – locally and to energy consumers more broadly and justifying the cost of the technology.

Facilitating approvals processes

Approvals processes for new renewable energy projects continue to be a source of concern risking severe project delays. Expediting the connection of offshore wind projects at the level of ambition the NSW government envisions will require tight planning and close coordination with electricity planners and regulators.

Government-facilitated shared transmission and other supporting infrastructure planning

Encouraging economic investment in supporting infrastructure for connecting and facilitating offshore renewable energy projects is in the best interest of all energy consumers. This includes transmission lines, access to and upgrade of port infrastructure. Government can step in here to facilitate the planning process ensuring that infrastructure planning is done in a manner that benefits both project proponents and consumers.

Overlapping state and federal policy

Where possible, government could facilitate offshore wind project development by clearly articulating the roles of federal and state government including onshore and offshore (state and commonwealth waters) transmission planning, funding and approvals.

If you have any queries about this submission, please contact Siobhan Bradley (Policy Manager) at sbradley4@agl.com.au or Aleks Smits (Senior Manager Policy) at asmits@agl.com.au.

Yours sincerely,

Chris Streets

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