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Australian Energy Market Commission

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Improving the cost recovery arrangements for Transmission non-network options

AGL Energy (AGL) welcomes the opportunity to respond to the Australian Energy Market Commission (AEMC) improving the cost recovery arrangements for Transmission non-network options (NNOs) draft determination consultation.

About AGL

Proudly Australian for more than 185 years, AGL supplies around 4.5 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, work, and move.

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

NNOs can provide a cost-effective solution to managing grid issues while supporting the energy transition

Non-network solutions can play a crucial role in managing transmission grid issues within the NEM by enabling cost-effective alternatives to traditional network infrastructure investments. Unlike network infrastructure, which typically involves significant fixed costs that must be recovered from consumer bills, non-network solutions can be deployed more flexibly and incrementally, reducing the financial burden on consumers.

As the NEM continues to decarbonise, integrating non-network solutions such as batteries will enhance grid stability while providing an additional revenue streams for renewable projects. This dual benefit supports the economic viability of renewable projects and facilitates a smoother transition to a sustainable energy future.

AGL supports regulatory changes that improve the viability and deployment of NNOs

We support the AEMC's proposed amendments to the NNO cost recovery arrangements including creating a new ex-ante process by which TNSPs can apply to the AER to adjust their network support payment allowance to account for significant new or changed NNO projects mid-regulatory control period. We consider the draft rule should increase initial cost recovery certainty and timing for TNSPs by changing the AER's assessment from ex-post to ex-ante and enabling forecast costs to be recovered in the same year in which they are expected to be incurred. We support this change as it provides TNSPs and NNO proponents with greater flexibility in cost recovery and should contribute to greater commercial viability and deployment of NNOs.

If you have queries about this submission, please contact Alifur Rahman at ARahman3@agl.com.au.

Yours sincerely,

Chris Streets

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