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Victorian Government

Department of Energy, Environment, and Climate Action

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Victoria's 2026-30 Climate Change Strategy

AGL Energy (AGL) welcomes the opportunity to make a submission in response to the Victorian Government's 2026-30 Climate Change Strategy (the Strategy).

Proudly Australian since 1837, AGL delivers around 4.5 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates the largest electricity generation portfolio in Australia of any ASX-listed company, with a total operated generation capacity of almost 8000 MW across Australia, including the Loy Yang A power station and Loy Yang mine in the Latrobe Valley. AGL is Australia's largest privately-owned hydro power station operator and operates the largest portfolio of renewables and storage assets of any ASX listed company. Since 2006, AGL has invested billions of dollars in the construction and delivery of over 2 GW of renewable and firming capacity in the National Electricity Market (NEM).

We support Victoria's ambition of net zero by 2045 and believe this will underpin the competitiveness of a modern, productive, and sustainable economy for Victoria. This vision will be realised by Victoria generating power using wind and solar resources, backed up by technologies like batteries, hydro power and, for some of this transition, gas.

As the global community responds to the risks of climate change, AGL recognises our role in the transition to a low carbon economy. Our inaugural 2022 [Climate Transition Action Plan](#) (CTAP) outlines AGL's ambition to become an integrated low-carbon energy leader, which includes targeting the closure of Loy Yang A Power Station by the end of FY35, and repurposing our thermal generation sites into low carbon industrial energy hubs. These energy hubs aim to support reinvestment into local communities and economies, reduce costs by repurposing existing infrastructure and assets, ensure productive future use of land and existing electrical infrastructure post closure, and provide future jobs for the workforce and next generation as well as local communities.

Supporting a whole-of-economy approach to reducing emissions

AGL is supportive of the Victorian Government taking a whole-of-economy approach to developing its Climate Change Strategy, which will guide how Victoria can transform its economy to net zero by 2045, build resilience, and adapt to the impacts of climate change. We are also supportive of Victoria's legislated emission reduction targets including the legislated targets for the electricity sector.¹

Decarbonising the electricity and energy sector will be central to realising Victoria's net zero ambitions. This involves increasing renewable energy, electrification, and consumer energy resources (CER), backed by investments in grid infrastructure, storage, and demand response mechanisms. Importantly, a coordinated effort among all government levels, market bodies, industry, and consumers will be essential.

¹ See AGL's previous submissions to the [Victorian Independent Expert Panel Interim Emissions Reduction Targets Issues Paper](#), [Consultation on Victorian interim emissions targets](#) and [the Independent Expert Panel on a 2035 emissions target for Victoria](#)

A key challenge for the energy transition is for the price of energy to remain affordable and for system reliability and security to be maintained. If these two factors are not appropriately balanced with the emissions reduction imperative, it will result in poor short-term outcomes for consumers and the energy system generally and undermine social licence for transition.

The transition will involve all sectors of the Victorian economy contributing towards an accelerated ambition to net zero emissions, in a way that provides opportunities to reduce energy input costs for Victorian customers and leverages new industries to create value and opportunities for all Victorians.

Nature and biodiversity considerations, along with circular economy principles for recycling solar panels, batteries, and wind turbines, are also vital as renewable energy expands.

Supporting energy consumers and businesses through their decarbonisation journey

AGL believes that people, equity, and fairness must be at the heart of the energy transition. It is incumbent on us to make sure the actions we take now ensure the energy markets of the future will achieve these objectives.

For customers, affordability and cost of living pressures are key concerns that industry and government need to address when developing a pathway to net-zero to ensure that no one is left behind. Additional support mechanisms may be required for vulnerable customers and to ensure public support for the transition.

As part of the energy transformation, many innovative solutions and reforms are currently being explored across the industry. However, maintaining effective market competition and appropriate economic signals are imperative to ensuring ongoing efficient investment in the energy transition to reduce costs. The benefits of lower energy bills can be delivered by competitive businesses seeking to reduce prices and enhance product offerings for customers, as well as ongoing scrutiny of regulated expenditure.

AGL is supportive of the work that the Victorian Government is undertaking as part of its Gas Substitution Roadmap,² and agrees that electrification is the most likely decarbonisation pathway for residential consumers. It is also a critical enabler for the industrial, transport, and other sectors of the economy to reach net zero emission targets. Where electrification is not feasible, AGL supports the development of low carbon fuels such as biomethane to assist with transition to a low-carbon economy.³

AGL seeks to connect our customers to a sustainable future, helping them decarbonise the way they live, move and work. Our leading [Electrify Now](#) site is an example of an initiative that enables people to better understand the benefits of electrification through providing tailored estimates of the costs and benefits and access to expert advice.

However, to support residential and small business electrification at pace and at scale, government support is essential. Through the right incentives, regulatory frameworks, and policy settings, governments can help more households benefit from electrification.

An example of this is the Victorian Energy Upgrades (VEU) program, which promotes electrification by reducing upfront costs for customers, enhancing energy efficiency, and lowering overall energy demand.

² Including its proposed option outlined in its Building Electrification Regulatory Impact Statement (RIS) and development of the Industrial Renewable Gas Scheme. See AGL's submission to the [Building Electrification Regulatory Impact Statement](#) and [Victoria's Industrial Renewable Gas Directions Paper](#).

³ To support the transition of high emission industries to a cleaner future, in 2022 AGL acquired Energy360 Pty Ltd, a leading provider of solutions for producing biogas, providing an effective renewable solution for commercial and industrial customers within agricultural, landfill, food processing and waste management industries.

AGL supports extending the VEU program through to 2045 and anticipates valuable insights being derived from the Strategic Review to help guide its future direction.⁴

Electrification and the sustained uptake of CER will continue to shape energy needs along with the decarbonisation of the transport and industrial sectors, which is likely to increase system demand. Effective demand management and orchestration are crucial to mitigate these impacts by improving energy efficiency and productivity.

The building sector can also significantly benefit from electrification and decarbonization. Simple improvements like insulation can significantly enhance the energy efficiency of Victoria's housing stock. The Victorian Government should continue supporting measures to improve home thermal performance and heating system efficiency.

Supporting the energy workforce and communities more broadly through the transition

The energy transition offers significant opportunities and challenges for workforce transformation. Opportunities include new jobs in renewable energy and emerging technologies. Challenges include a higher demand for technically skilled and diverse workers, especially engineers, electricians, and corporate professionals.

In our 2022 CTAP, we set out our approach to supporting workforce transition, acknowledging that labour and skills required to operate our generation assets will change over time. AGL is committed to collaborating with employees, their representatives, and governments on workforce and site transitions.

AGL supports the Victorian government's efforts, including the Victorian Energy Jobs Plan.⁵ We encourage state and federal governments to collaborate closely to ensure workers and communities are supported throughout Australia's transition to net zero.

Building trust and social licence with communities and customers is also crucial for a smooth energy transition. Renewable energy projects in regional areas currently face delays due to planning delays, often as a result of social licence issues. Both industry and governments must build community awareness and acceptance of the energy transition. The energy industry needs to engage meaningfully with communities to build trust, ensuring they feel heard and benefit from the transition.

We look forward to continuing to work closely with the Victorian Government to help it realise its decarbonisation ambitions for Victoria.

Should you have any questions in relation to this submission, please contact Leilani Kuhn (Policy Manager) on 03 8633 6934.

Yours sincerely,

Ralph Griffiths

GM Policy and Market Regulation

AGL Energy

⁴ See AGL's submission to the [Regulatory Impact Statement for the Victorian Energy Efficiency Target Amendment](#).

⁵ See AGL's submission to the [Victorian Energy Jobs Plan](#).