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Productivity Commission

Submitted via email: 5pillars@pc.gov.au

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Productivity Commission's Five Pillars of Productivity Inquiry

AGL Energy (AGL) welcomes the opportunity to make a submission in response to the Productivity Commission's (PC) Five Pillars of Productivity Inquiry (Inquiry) and in particular the interim report on investing in cheaper, cleaner energy and the net zero transformation (Clean Energy Report).

Outlined below are AGL's key productivity principles for the energy sector that we have explored in more detail in our submission:

KEY PRODUCTIVITY PRINCIPLES

- Deliver on a long-term vision to transition Australia's energy sector to a more modern, flexible, low-emissions system.
 - Continue to support electrification, energy efficiency, and the uptake of CER
 - Take steps to deliver on the CIS and ensure CIS projects can be reintegrated into the market
 - Consider the need to embed ongoing supports for small and large scale resources following the completion of the RET and CIS
- Prioritise and expedite approvals for renewable energy projects that are most readily achievable while:
 - Continuing to ensure a high level of environmental protection
 - Delivering on our social licence.
- Simplify core regulation and reduce complexity for customers.
- Continue to encourage electrification of transport sector and look for the most efficient ways for heavy vehicles to decarbonise
- Undertake a holistic review of regulated monopolies and impacts on competition, customer prices, and broader economy
- Make information on Australia's climate risks readily accessible to all to enable households, businesses, and governments to better understand, plan for, and quantify the potential climate hazards that they may face.

AGL does not support the PC's recommendation to introduce a five per cent Net Cashflow Tax (NCT) for all companies, as the NCT is likely to impact both our own and the broader energy industry's ability to deploy capital at the scale required for the energy transition. For a more detailed analysis of the implications of the NCT on companies like AGL, we refer the PC to the submissions made by the Business Council of Australia and the Corporate Tax Association.



AGL strongly supports Australia's commitment to the Paris Agreement, including the goal of limiting the increase in global average temperature to well below 2°C, and pursuing efforts to limit it to 1.5°C. In line with this, AGL continues to support the setting of ambitious, economy-wide emissions reduction targets that reflect Australia's fair share of global efforts to limit warming to 1.5°C—or as close to it as is practically and economically achievable.

Decarbonising the electricity and energy sector will be central to delivering Australia's Net Zero Plan and achieving what is expected to be an ambitious 2035 emissions reduction target. This will require a rapid increase in the share of renewable energy, greater electrification, and the uptake of consumer energy resources (CER) to reduce reliance on fossil fuels. The transformation must be underpinned by significant investment in grid infrastructure, storage, and demand response mechanisms to maintain reliability and security of supply.

At AGL, we take our decarbonisation responsibilities seriously and recognise the significant role we can play in helping Australia reach its climate commitments. AGL's second Climate Transition Action Plan (2025 CTAP), published in August 2025, builds on commitments previously made in our 2022 CTAP, by charting a pathway to achieving our ambition of being net zero for Scope 1, 2 and 3 emissions by 2050, and setting additional commitments relating to emission reductions, our portfolio rebuild and other initiatives.

Key commitments in our [2025 CTAP](#) include targeting a full exit from coal-fired generation by the end of FY35 and an ambition to add 12 GW of new renewable and firming capacity by the end of 2035. Our 2025 CTAP also sets out our commitments to working collaboratively with our stakeholders, including government bodies, customers, employees, and the communities in which we operate to lead a responsible transition.

Achieving the necessary pace and scale of transition will require a coordinated approach across federal, state, and local governments, market bodies, industry, and consumers.

The energy transition requires a clear long-term vision, supported by detailed planning to identify and address transitional challenges. All parts of the economy must contribute to accelerating progress toward net zero in a way that reduces energy input costs for customers and leverages new industries to create value and opportunity for all Australians. Long-term certainty and clear policy signals are essential to attract the investment needed to underpin the transition.

Decarbonisation of the electricity sector will play a critical and disproportionately large initial role in decarbonising the economy, both in terms of reducing the emissions intensity of electricity supply and also by growing electricity use to substitute for direct fossil fuel use in households, transport, and industry. AGL supports strong action to accelerate decarbonisation of the electricity sector, including driving investment in new renewable generation and storage in line with announced government policies. However, the electricity system is approaching real limits to the rate of change that society and the economy can tolerate or deliver in practice, particularly given the critical role that growing electricity use will have in decarbonising other sectors.

Achieving emissions reductions consistent with a global 1.5 degree ambition, and ensure warming is held well below 2 degrees, will require significant emissions reductions across all sectors of the economy. We acknowledge that sectoral emissions plans are critical to achieving any target and the challenges and opportunities, as well as the nature of the emissions, across all sectors are varied. These sectoral emission reduction plans will be important for being able to collectively meet targets.

While the future energy system promises benefits for consumers, affordability and cost-of-living pressures remain immediate concerns. It is essential that energy consumers are empowered, supported, and protected to ensure they can benefit from the evolving energy system. Equity, fairness, and people must be at the heart of the energy transition. The actions we take today will shape energy markets for the future.



We must also simplify core regulation and reduce complexity for customers—unless it demonstrably delivers value. For example, AGL’s retail business spends around 20 to 25 million dollars a year on capital costs to manage regulatory change to systems and processes, costs that ultimately flow through to household energy bills.

Network regulatory reform is also needed to improve electricity network efficiency and reduce network costs, thereby maximising the value of CER for all customers. We encourage the Australia Government to reinvigorate national competition policy, with a focus on enabling competition and ensuring effective regulation of natural monopoly elements. This may include:

- Requesting that the PC review transmission and distribution network performance and regulation to identify opportunities to improve system productivity and enable competition.
- Strengthening and enforcing prohibitions on natural monopoly businesses competing within or adjacent to their monopoly franchises

A key challenge will be ensuring that energy remains affordable and that system reliability and security are maintained. If these factors are not appropriately balanced with emissions reduction goals, it could result in poor short-term outcomes for consumers and the energy system, undermining the social licence for the energy transition.

Please see out detailed responses to the PC’s recommendations below in Appendix A.

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

Yours sincerely,

Ralph Griffith

GM Policy and Market Regulation

AGL Energy

About AGL

Proudly Australian since 1837, AGL delivers around 4.6 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. 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.

Appendix A

Reducing the cost of meeting emissions targets

No.	Draft recommendation	AGL's response
1.1	<p>Governments should prioritise introducing enduring, broad-based market settings in the electricity sector beyond 2030.</p> <p>Governments should also phase out any jurisdictional- and technology-specific incentives over time.</p>	<p>There are several programs in place to support emission reductions in the electricity sector, and these should be encouraged further (see detail below). There may be a need to consider an additional mechanism in the sector following the completion of the RET and CIS in 2030, but the present focus should be on supporting uptake and integration of CER, delivering the CIS, and ensuring that the grid can accommodate levels of renewables approaching 100%.</p> <p>We agree that jurisdictional- and technology-specific incentives are inefficient and should be phased out in the long-term interests of energy customers.</p>
1.2	<p>The Safeguard Mechanism should cover more industrial facilities and carbon leakage provisions should be improved</p>	<p>AGL agree with the PC that the Australian Government should consider lowering the Safeguard Mechanism threshold as part of the review scheduled for 26/27. If the review identifies no major countervailing considerations, AGL considers reducing the threshold from 100,000 tonnes to 25,000 tonnes of carbon dioxide equivalent per year would be reasonable.</p> <p>We also agree that if the Australian Government introduces a border carbon adjustment, then it should phase out trade-exposed baseline-adjusted status for Safeguard Mechanism facilities.</p>
1.3	<p>Introduce an emissions-reduction incentive for heavy vehicles and phase-out policy overlaps for light vehicles</p>	<p>AGL is supportive of an emission-reduction incentive for heavy vehicles being introduced and can see merit in incorporating a carbon component into any future changes to road user charging (RUC). We also agree that any future RUC should apply to all road users based on distance travelled. To minimise the potential impacts on the uptake of electric vehicles (EVs), we would encourage the government to only include EVs in the RUC once they make up at least 30% of new vehicle sales.</p> <p>We also encourage the PC to broaden its cost-benefit analysis of electrification to include non-carbon benefits such as health, environmental, and economic impacts</p>
1.4	<p>Apply frameworks to achieve emissions targets at least cost and improve transparency</p>	<p>We support the PC's recommendation for the Australian Government to appoint an independent expert agency to develop National Target-Consistent Carbon Values (TCCVs). AGL also agrees with the PC that emissions</p>

		reduction incentives should be expanded beyond the energy and transport sectors. We support a whole-of-economy approach to developing Australia's Net Zero Plan, which will guide the transformation to net zero by 2050.
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Reducing emissions in the electricity sector post 2030

As outlined in the Clean Energy Report, neither the Renewable Energy Target (RET) nor the Capacity Investment Scheme (CIS) are designed to support new investment beyond 2030. To continue reducing emissions post-2030, new mechanisms may be needed to create ongoing investment incentives to drive deeper decarbonisation.

AGL supports the PC's recommendation that the government consider the need for enduring, broad-based market settings for the electricity sector beyond 2030. We also agree that these market settings should avoid favouring specific technologies or jurisdictions and simultaneously support reliability and system security.

Small scale

Unlocking the full potential of the demand side of the energy system—through energy efficiency, electrification, and demand management—is essential to achieving net zero emissions and ensuring an affordable, rapid, and equitable energy transition. These measures also deliver a range of co-benefits, including lower energy bills, improved system stability, healthier communities, and enhanced business productivity.

AGL supports stronger standards for buildings, vehicles, and appliances to encourage fuel switching, accelerate electrification, and drive significant improvements in energy efficiency and productivity. Much of this progress will be supported by the continued implementation of the Consumer Energy Resources (CER) Roadmap, which is key to unlocking the full value of CER.

Australia has one of the highest rates of rooftop solar adoption globally, with approximately 300,000 systems installed annually.¹ Today, one in three homes has rooftop solar—largely driven by the Small-scale Renewable Energy Scheme (SRES), which reduces upfront costs by around 30%.²

Building on this success, the Australian Government's Cheaper Home Batteries (CHB) program—introduced on 1 July—expands the SRES to support battery installations across households, businesses, and community facilities.³ Since its launch, more than 30,000 small-scale batteries have been installed, demonstrating the effectiveness of targeted incentives in accelerating CER and energy efficiency uptake.⁴

The Government's National Energy Performance Strategy (NEPS) recognises the critical role of improved energy performance in reducing emissions and lowering energy bills for Australian households and businesses. AGL supports the initiatives outlined in the NEPS and remains committed to delivering innovative products and services that empower customers to choose cleaner, smarter energy solutions.

¹ As of 14 November 2024: for further details, see Australian Government's website here: [Australia hits rooftop solar milestone | energy.gov.au](#)

² For further details, see Australian Government's website here: [Australia hits rooftop solar milestone | energy.gov.au](#)

³ For further details, see Australian Government's website here: [Cheaper Home Batteries Program - DCCEEW](#)

⁴ As at 20 August 2025: For further details, see Australian Government's website here: [Interest in batteries builds as data reveals strong returns on investment | energy.gov.au](#)

We encourage the Government to continue expanding opportunities in this space, recognising its central role in helping Australia meet its net zero goals. One option worth considering is the post-2030 expansion of the SRES into a new federal scheme that harmonises existing state-based energy efficiency programs (such as the Victorian Energy Upgrades program) and is underpinned by national appliance and building standards

Large scale

As highlighted in the Clean Energy Report, the RET has historically been a major driver of investment in renewable energy and has delivered the majority of emissions reductions in the energy sector to date. However, cost pressures and the resilience of the energy system remain ongoing concerns.

To help address these challenges and support Australia's target of 82% renewable energy by 2030, the Australian Government has introduced the CIS as the primary mechanism to accelerate the development of new renewable and firming generation.

As more CIS projects are underwritten by the federal government, it will become increasingly important to ensure that any government-held liabilities represent good value for energy customers and taxpayers. To support this, the CIS should evolve in line with the National Electricity Market (NEM) Wholesale Market Settings Review (the Nelson Review) to ensure effective market integration of CIS-backed projects—particularly in light of the recent expansion of the CIS to 40 GW by 2030.

Even after the current round of CIS tenders concludes, there is likely to be an ongoing need for support for low-emissions generation post-2030.

These issues are being considered in the Nelson Review, which is examining how market design can support emissions reductions in line with the National Electricity Objective and Australia's international commitments. The review is particularly focused on promoting investment in firmed renewable generation and storage beyond the conclusion of CIS tenders in 2027.

The Nelson Review is expected to deliver long-term investment signals for new generation, adequate provision of essential system services, and improved integration of CER. To support these outcomes, government should engage deeply with the recommendations in the final report.

While the CIS and the Nelson Review aim to reduce the financial risks faced by investors in the energy transition, there remain several non-market barriers that fall outside their scope and must be addressed in parallel. These include:

- Planning and environmental approvals,
- Grid connection processes,
- Supply chain constraints, including workforce availability, and
- Social licence challenges.

We acknowledge that the PC is examining many of these issues as part of its Five Pillars of Productivity Inquiry, and we welcome its insights and recommendations on how governments can help resolve these challenges to accelerate the energy transition.

Safeguard Mechanism and carbon leakage provisions

AGL supports strong ambition, policy frameworks, and mechanisms to reduce emissions across all sectors. This includes the continued operation of the Safeguard Mechanism and the development of new low-emissions industries to contribute to economy-wide emissions reductions.

AGL agrees with the PC that the Australian Government should consider lowering the Safeguard Mechanism threshold as part of the statutory review scheduled for FY 26/27. If the review identifies no major

countervailing considerations, AGL considers reducing the threshold from 100,000 tonnes to 25,000 tonnes of carbon dioxide equivalent per year would be reasonable.

AGL also supports robust carbon markets underpinned by high-quality offsets and credible standards. Emissions reduction strategies that rely on offsets should follow a holistic approach aligned with the mitigation hierarchy, seeking to avoid and directly reduce GHG emissions prior to the use of offsetting mechanisms, ensuring integrity and transparency in claimed reductions.

We agree with the PC that if the Australian Government introduces a border carbon adjustment, it should also phase out the 'trade-exposed baseline-adjusted' provisions under the Safeguard Mechanism. However, consistent with our position above, we believe any such changes should be deferred until the statutory review in FY26/27.

Emission-reduction incentive for heavy vehicles and policy overlaps for light vehicles

Given that transport is Australia's third-highest emitting sector, AGL supports strengthening emission-reduction incentives in the transport sector—particularly for heavy vehicles. This is especially important as the Australian Government prepares to release what is expected to be an ambitious 2035 emissions reduction target.

AGL supports the Productivity Commission's proposal to incorporate a carbon component into any future changes to road user charging (RUC) and agrees that any future RUC should apply to all road users based on distance travelled. To avoid discouraging electric vehicle (EV) uptake, there may be merit in setting a threshold for when a future RUC should be introduced; for example, only once battery electric vehicles make up at least 30% of new vehicle sales, ensuring the market is sufficiently mature and self-sustaining.

AGL acknowledges the PC's concerns about overlapping incentives for light vehicle users. However, we caution against any action that could reduce demand for continued uptake EVs and other low-emission vehicles, which are critical to reducing emissions in the transport sector, particularly as current EV users face additional transitional costs and barriers that liquid fuel vehicle users do not, including:

- Limited access to convenient and efficient charging infrastructure
- Difficulty finding qualified tradespeople to service or maintain EVs.

We recommend that the PC broaden its cost-benefit analysis of electrification to include non-carbon benefits such as health, environmental, and economic impacts. For example, recent independent modelling commissioned by the Electric Vehicle Council, the National Automotive Leasing and Salary Packaging Association, and the Australian Finance Industry Association indicates that maintaining the FBT exemption for battery electric vehicles—and reinstating it for plug-in hybrids until 2035—could reduce carbon emissions by 50% compared to ending the exemption in 2027.⁵ The research also found that every dollar invested in the EV Discount has generated \$2.25 in combined non-carbon benefits, with this return projected to increase to \$3 by 2030.⁶

AGL welcomes the introduction of a National Electric Vehicle Strategy and its focus on establishing a national framework for the uptake of EVs as part of Australia's decarbonisation ambitions. We support the objectives and outcomes set out in the strategy including increasing supply of affordable and accessible EVs, establishing the resources, systems and infrastructure to enable rapid EV uptake, and encouraging

⁵ See further details here: [Modelling shows Electric Car Discount could halve vehicle emissions if continued to 2035 - Electric Vehicle Council](#)

⁶ See further details here: [Modelling shows Electric Car Discount could halve vehicle emissions if continued to 2035 - Electric Vehicle Council](#)

increases in EV demand. AGL also supports the introduction of the New Vehicle Efficiency Standard that will incentivise car companies to supply new cars that use less fuel per kilometre.

To further accelerate EV uptake, we encourage the Australian Government to focus on enabling a faster, more efficient, customer-centric, and competitive rollout of EV charging infrastructure across all locations. This could be supported by reinvigorating national competition policy, with a focus on enabling competition and ensuring effective regulation of natural monopoly elements. This may include:

- A PC review of transmission and distribution network performance and regulation to identify opportunities to improve system productivity and enable competition.
- Strengthening and enforcing prohibitions on natural monopoly businesses competing within or adjacent to their monopoly franchises

While AGL sees EVs as key for reducing emissions across road transport, we recognise that low-carbon liquid fuels (LCLF) will play an important role in decarbonising fuel reliant sectors that can't readily electrify, such as aviation, heavy vehicles, maritime, construction, mining, and agriculture.

For heavy vehicles, LCLF enables existing diesel technology to continue to be used while significantly reducing its emissions profile. This allows businesses to operate existing trucks/equipment for longer, helping to ease the capital intensity of transitioning to lower carbon vehicle technologies.

Australia can also domestically produce feedstock and manufacture these fuels locally, reducing fuel transport cost and emissions, and improving fuel security.

Apply frameworks to achieve emissions targets at least cost and improve transparency

AGL supports the PC's recommendation for the Australian Government to appoint an independent expert agency to develop National Target-Consistent Carbon Values (TCCVs). These values would serve as benchmarks for assessing the cost-effectiveness of emissions reduction policies.

In developing TCCVs, careful consideration must be given to the methodology, recognising that long-term assumptions about emissions reduction costs introduce uncertainty. AGL supports the use of sensitivity analysis to address these uncertainties and recommends that TCCVs be updated regularly to reflect new data and evolving interim targets.

The energy sector already uses a form of TCCV. In 2023, the Australian Energy Market Commission (AEMC) set an interim Value of Emissions Reduction (VER), starting at \$70 per tonne of CO₂-equivalent in 2024, rising to approximately \$420/t CO₂-e by 2050. This benchmark helps energy market bodies, such as the AEMC and the Australian Energy Regulator (AER), incorporate emissions reduction into decision-making and rule changes. However, these values should be used with caution. They are primarily helpful as an input to cost and benefit analysis, to ensure that carbon benefits are appropriately being captured, and not as a justification to recover additional revenue from customers.

AGL agrees with the PC that emissions reduction incentives should be expanded beyond the energy and transport sectors and supports the principles outlined in the Clean Energy Report.

We support a whole-of-economy approach to developing Australia's Net Zero Plan, which will guide the transformation to net zero by 2050. The forthcoming sectoral plans will be critical to shaping a strong 2035 target and ensuring the Net Zero Plan reflects the opportunities, challenges, and constraints across the economy.

A clear long-term vision is essential for the energy transition, along with detailed strategies to address transitional challenges. All sectors must contribute to accelerating progress toward net zero in ways that reduce energy costs for customers and unlock new industries and opportunities. Long-term policy certainty

and clear signals about structural changes are vital to attract the investment needed to support the transition.

In the residential and commercial building sector, AGL sees electrification as the most viable decarbonisation pathway for households and a key enabler for other sectors, including industry and transport. We support the actions taken by the Victorian and ACT Governments to promote residential and commercial electrification through the phase out of new residential gas connections and delivery of targeted restrictions and incentives to support the electrification of new and replacement gas appliances.

Electrification is a cost-effective way for most customers to reduce energy costs over time. Reducing barriers—through targets, information, incentives, and supportive regulation—can accelerate emissions reductions and help more customers realise the benefits. Beyond climate goals, building electrification also supports affordability, health, and productivity. It will also play a critical role in responding to declining gas supplies in southeast Australia.

Any discussion of electrification must also consider energy efficiency and productivity. The building sector stands to benefit significantly from both electrification and decarbonisation. While Australia’s energy efficiency standards for new buildings have improved, around 60 per cent of the country’s 10 million homes were built before 1995.⁷ Houses built prior to this time typically only have an average House Energy Rating of 1.5 out of 10.⁸ As such, there is a real opportunity to improve the energy efficiency and performance of Australia’s housing stock through relatively simple improvements like insulation.

AGL supports robust carbon markets that deliver high quality offsets, through frameworks with credible offset standards that increase confidence in claimed reductions. Emissions reduction approaches that include reliance on carbon offsets should be guided by a holistic approach that aligns with the mitigation hierarchy. We encourage the Australian Government to continue work to ensure Australian Carbon Credit Units (ACCUs) are high integrity. We also agree that access to high integrity ACCUs as part of every national emissions-reduction policy in the long-term is appropriate to ensure each sector of the economy has emission-abatement opportunities available and that hard-to-abate emitters face consistent incentives.

Speeding up approvals for new energy infrastructure

No.	Draft recommendation	AGL’s response
2.1	Reform national environment laws	<p>AGL supports the PC’s recommendation to reform national environmental laws.</p> <p>Clearer, more streamlined requirements and assessment processes for large projects will enable faster FID or timely project rejection, unlock capital and allow the energy transition to progress at pace. By supporting the energy transition to occur at pace, faster approvals will help reduce emissions, attract investment and give customers access to cheaper and cleaner energy.</p>

⁷ See: page 35 of Monash Climate Change Communication Research Hub report [Switching On: Benefits of Household Electrification in Australia](#) available here: [Switching-On_Benefits-of-household-electrification-in-Australia_report.pdf](#)

⁸ See: page 35 of Monash Climate Change Communication Research Hub report [Switching On: Benefits of Household Electrification in Australia](#) available here: [Switching-On_Benefits-of-household-electrification-in-Australia_report.pdf](#)

		AGL broadly supports reforms to the EPBC Act in line with recommendations in the Samuel Review and consider that these reforms should be implemented as a matter of priority.
2.2	Set up a specialist 'strike team' for priority projects	AGL supports this recommendation
2.3	Establish a Coordinator-General for priority projects	AGL supports this recommendation
2.4	Consider the energy transition in approval decisions	AGL supports this recommendation. However, to be clear, AGL does not endorse renewable energy projects being given a 'free pass' but rather supports the energy transition being given appropriate weight when the minister is weighing up all the various considerations that need to be taken into account when making a decision under the EPBC Act.

Reform national environmental laws

As the PC is aware, the NEM requires tens of gigawatts of new generation and storage capacity. However, current rules—combined with the passive and reactive approach of Transmission Network Service Providers (TNSPs) and market operators—are slowing the transition and undermining energy productivity.

Planning frameworks such as the Integrated System Plan (ISP) have helped map the transition, but investment in critical infrastructure—including transmission, distribution, generation, and supporting systems—remains challenging. This is largely due to complex approvals processes and ongoing policy uncertainty. Regulatory reform is needed to streamline the processes for connecting, commissioning, and operating large-scale generation and storage projects.

In AGL's view, to keep Australia's energy transition on track, we need to prioritise and expedite approvals for those projects that are most readily achievable while considering the important issues of delivering on our environment and social licence.

AGL supports the PC's recommendation to reform national environmental laws. Clearer, more streamlined requirements and assessment processes for large projects will enable faster Final Investment Decisions (FID) or timely project rejection—unlocking capital and allowing the energy transition to progress at pace. Furthermore, by supporting the energy transition to occur at pace, faster approvals will help reduce emissions, attract investment and help give customers access to cheaper and cleaner energy.

AGL broadly supports reforms to the *Environment Protection and Biodiversity Conservation Act* (EPBC Act) in line with recommendations in the Samuel Review and consider that these reforms should be implemented as a matter of priority.

The introduction of national environmental standards would clarify expected outcomes for projects that affect matters of national environmental significance, enabling regulators to make more consistent, efficient, and predictable decisions. This would benefit investors, the energy transition, energy customers, First Nations peoples, the broader community and the environment.

As noted in the Clean Energy Report, national standards would also support bilateral agreements between state and federal governments by establishing a shared legal framework. To maximise efficiency, AGL

encourages the Australian Government to pursue both bilateral assessment and approval agreements under the EPBC Act. This would allow states and territories to assess and approve projects, with federal intervention only when necessary.

AGL also supports the PC's recommendation to use regional planning to accelerate approvals, particularly in Renewable Energy Zones (REZs), with stricter statutory deadlines for projects in designated 'go zones'. REZs should facilitate faster investment, development, and connection of grid-scale renewables and storage—but this is not currently the case. In fact, there appears to be a trend toward making investment outside REZs more difficult, rather than simplifying development across the board.

Social licence will be critical to achieving an orderly energy transition. Significant risks are apparent in the rollout of renewable energy infrastructure in regional areas, with social licence issues resulting in renewable project delays. We believe that both industry and governments have a critical role to play in building community awareness and acceptance of the need for the energy transition and building trust in the energy industry through further engagement to ensure that communities feel heard and benefit from the transition.

Affordability and customer vulnerability need to be considered as part of the pathway for the energy transformation, to ensure that no one is left behind. Additional support mechanisms may also be required for vulnerable customers and to ensure public support.

Specialist 'strike team' and the establishment of a Coordinator-General

AGL welcomes the PC's recommendation to establish a specialist 'strike team' within the Department of Climate Change, Energy, the Environment and Water (DCCEEW), as well as a Coordinator-General focused on priority renewable energy projects. The next decade is critical for the energy transition, and any measures that accelerate the assessment, approval, construction, and connection of key projects—while maintaining environmental protections—are strongly supported.

Consideration of the energy transition in approval decisions

AGL supports the PC's recommendation to amend the EPBC Act to require the Minister to explicitly consider the needs of the energy transition when assessing renewable energy projects that significantly impact matters of national environmental significance. While the Act currently allows for consideration of "economic and social matters," which could include the energy transition, we agree that—given its urgency—this should be made more explicit in the legislation.

To be clear, AGL does not endorse renewable energy projects being given a 'free pass' but rather supports the energy transition being given appropriate weight when the minister is weighing up all the various considerations that need to be taken into account when making a decision under the EPBC Act.

Assessing barriers to private investment in adaptation

No.	Draft recommendation	AGL's response
3.1	Set up a climate risk information database covering all climate hazards	AGL supports this recommendation
3.2	Develop a nationally consistent climate resilience rating system for housing	AGL supports this recommendation
3.3	Governments should agree on a series of actions to improve housing resilience over time	AGL supports this recommendation

3.4	Give the Climate Change Authority responsibility for monitoring, evaluating and learning regarding adaptation policy	AGL supports this recommendation
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Set up a climate risk information database covering all climate hazards

AGL supports this recommendation and agrees that the Australian Government should coordinate with relevant federal, state, and territory bodies to develop a central climate risk information database that covers all climate hazards across different regions of Australia.

We agree that this should be a national-level, publicly accessible database.

Improved transparency and information sharing would enable households, businesses, and governments to better understand, plan for, and quantify the potential climate hazards affecting various parts of the country.

Develop a nationally consistent climate resilience rating system for housing

AGL supports this recommendation and agrees that the Australian Government should lead the development of a star rating system for homes' climate resilience. A single, trusted, and nationally consistent rating system would provide much-needed certainty and consistency in this space.

We agree with the PC that the highest policy priority in establishing a resilience rating system should be to improve the low levels of resilience in existing housing. New homes are generally more resilient to climate hazards due to modern building standards, whereas older homes are more vulnerable. We also support building on existing work and leveraging lessons learned from the development of the Nationwide House Energy Rating Scheme (NatHERS).

Any resilience rating system should be supported by clear guidance materials to help households, builders, and insurers easily identify upgrades that would improve a home's climate resilience.

We encourage the PC and the Australian Government to consider how they can support households to invest in resilience upgrades. This is particularly important for lower-income, vulnerable, renting, and regional households, whose housing stock may be disproportionately represented among less resilient homes.

Governments should agree on a series of actions to improve housing resilience over time

It follows that the Australian Government should lead collaboration with state, territory, and local governments to agree on a series of actions aimed at improving the resilience of Australia's housing stock over the coming decades—particularly focusing on older homes in high-risk areas.

We agree that this work should be anchored in time-specific, outcome-based goals for household-level resilience, and that actions should only be pursued where the benefits clearly outweigh the costs, based on high-quality impact assessments.

Coordinated action between federal and state governments will be more cost-effective, consistent, and impactful than a fragmented, jurisdiction-by-jurisdiction approach. It will also reduce the burden on the private sector by providing clearer guidance on how to improve the climate resilience of Australia's housing stock.

There are a range of mechanisms available to support Australian households to strengthen the resilience of the existing homes including:

- increasing finance for retrofitting homes – for example by expanding Australia's sustainable finance taxonomy to include adaptation and subsidising resilience upgrades for vulnerable households in high-risk areas.
- improve standards in building codes (e.g., such as the NCC and NatHERS), development and planning processes to drive more efficient housing stock and buildings (both existing and new).
- mandate minimum energy performance standards for rental properties (e.g., insulation and reverse-cycle heating and cooling), with commensurate incentives for owners to deploy improvements.
- improve the resilience of social housing by committing to meet minimum resilience ratings.

We would also encourage the PC and the government to remain mindful of the cost implications of any policy options on households, particularly in the context of the current cost-of-living and housing affordability crisis.

Give the Climate Change Authority responsibility for monitoring, evaluation and learning regarding adaptation policy

AGL agrees that accountability measures will be important to keep governments on track to meet national goals for housing resilience. We also support a national approach to monitoring, evaluation, and learning, which would serve Australia well as this will be key in supporting business, households and government plan for and adapt to the impacts of climate change.

The body tasked with this responsibility should be independent of government and possess expertise in climate adaptation. AGL considers that the Climate Change Authority may be a suitable organisation for this role—provided it is adequately resourced to carry out the task effectively.