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

VicGrid

12 November 2025

Victorian Access Regime

AGL Energy (AGL) welcomes the opportunity to respond to the VicGrid Victorian Access Regime consultations.

Overview

AGL acknowledges the importance of managing network congestion; however, aspects of the proposed approach may introduce uncertainty for investors and could potentially discourage efficient investment in, and operation and use of, electricity services over the long term. AGL encourages adaptive dispatch limits based on real-time network conditions, greater clarity in modelling assumptions, and alignment with federal schemes such as the Capacity Investment Scheme (CIS). We are concerned that the current framework may impose disproportionate constraints on existing infrastructure and create misalignment between assessment processes, potentially resulting in sunk costs and reduced investor confidence. AGL recommends broadening transitional arrangements to include all CIS-supported projects and to adopt a more coordinated, transparent, and flexible approach to access management that supports efficient development and operation of renewable energy infrastructure. Centralising access decisions may reduce market responsiveness and introduce additional complexity into project delivery. A more effective approach would focus on expanding transmission capacity and supporting flexible, market-led solutions that align with Victoria's renewable energy objectives and deliver enduring value to consumers.

AGL welcomes the introduction of Draft Community Engagement and Social Value Guidelines as a constructive step toward embedding transparency, inclusivity, and benefit-sharing into renewable energy and transmission development. However, effective implementation will require greater clarity in definitions, documentation expectations, and transitional arrangements to avoid unintended consequences. AGL recommends a proportionate and flexible approach to local representation, benefit-sharing mechanisms, and First Nations inclusion, supported by practical guidance and alignment with existing jurisdictional frameworks. We also encourage VicGrid to ensure coherence across regulatory instruments and reconsider proposals around insurance arrangements with neighbouring landholders, ensuring any new requirements are evidence-based and administratively feasible. AGL remains committed to working collaboratively with government and stakeholders to ensure the guidelines support both community confidence and project viability.

Our attachment below provides further commentary on the issues raised in the consultation papers, as well as specific questions within those papers.

If you have queries re this submission, please contact Darshitha P P on DPuthoorPisharam@agl.com.au

Yours sincerely,

Chris Streets
Senior Manager Wholesale Markets Regulation

About AGL

Proudly Australian since 1837, AGL provides over 4.5 million gas, electricity, and telecommunications services to our residential, small, and large business, and wholesale customers across Australia. AGL operates the largest private electricity generation portfolio in Australia with a total operated generation capacity of almost 8000 MW across Australia as at 30 June 2025. AGL owns Australia's largest privately-owned fleet of hydro assets 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.

Access and Connections Consultation paper & Draft Grid Impact Assessment

AGL acknowledges the importance of managing network congestion; however, aspects of the proposed approach may create uncertainty for investors and deter efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity. The proposed method for setting generation limits does not appear to consider the variable nature of renewable generation and the fact different energy sources may not be operating at the same time. Unlike New South Wales, where limits apply only to newly created transmission lines related to Renewable Energy Zones (REZs) infrastructure, Victoria's framework would impose additional connection requirements to the existing transmission network. While AGL appreciates the opportunity to engage with VicGrid, the overall process remains unclear in intent and may add complexity rather than providing greater certainty.

Dispatch limits should be adaptive and reflect real-time network conditions to minimise unnecessary curtailment and ensure optimal use of infrastructure. Greater transparency on how these limits are determined would also assist developers in making informed investment decisions. For instance, in Southwest Victoria, the proposed 1,100 MW cap on a 500 kV line could be challenging, as the existing development pipeline already meets or exceeds this threshold and no new transmission infrastructure is currently planned. In other jurisdictions, such as New South Wales, capacity limits are applied only to connections involving new infrastructure. This ensures that when new network capacity is created, developers have a clear and transparent process to access it. AGL supports this approach, as it provides certainty for investment and aligns access with tangible network opportunities, rather than imposing constraints across existing infrastructure.

AGL acknowledges that congestion management is an important objective. However, the proposed access framework may add additional administrative complexity without delivering proportional improvements in investment certainty. Developers may be required to navigate multiple interdependent processes, where delays or misalignment in any one step could impact project viability. For instance, the experience of the NSW REZ auction, where demand for access significantly exceeded available capacity and many projects were left without a clear pathway to connect, highlights the need for access frameworks that are transparent, flexible, and responsive to market conditions. AGL propose that the modelling approach to determine access limits needs transparency so that developers clearly understand the assumptions and methodology used to determine capacity limits for different generation and storage technologies before committing to a region.

AGL has significant concerns that the proposed framework would add unnecessary complexity and creates misalignment between state and federal processes, resulting in uncertainty rather than the intended clarity. For instance, in the South -West Renewable Energy Zone (SWREZ) in New South Wales, a project was awarded support under the CIS but was not subsequently granted an access right, despite both processes being undertaken within the same framework. This outcome highlights the need for greater clarity and alignment between assessment processes to build investor confidence and enable efficient project development. .. There are numerous projects in Victoria that have been under development for several years and have already incurred substantial development costs. Introducing a binary selection process for access at this advanced stage of project development introduces additional risk and uncertainty. This approach may undermine the objective of providing a clear and predictable pathway for investment in renewable energy infrastructure. Parties with an established customer base in Victoria, including AGL, are well placed to invest in and support the development of local renewable infrastructure. With the proposed regime, certainty is currently limited to successful bidders, while unsuccessful participants would incur considerable sunk costs, which would reduce future investment confidence in Victoria Developers may also be hesitant to initiate new projects given the significant number of battery projects already in the pipeline. AGL suggests that transitional arrangements be broadened to include all projects with federal Capacity Investment Scheme (CIS) commitments, not only those tendered before May 2024. This would support consistency across government schemes and reduce the risk of projects being subject to multiple merit assessments based on same criteria, potentially yielding different outcomes. AGL also recommends that VicGrid publish detailed modelling assumptions, consider adopting flexible dispatch limits, and align its processes with federal mechanisms to create a more predictable and transparent investment environment. AGL also recommends that VicGrid publish detailed modelling assumptions, consider adopting flexible dispatch limits, and align its processes with federal mechanisms to create a more predictable and transparent investment environment.. AGL also recommends that VicGrid publish detailed modelling assumptions, consider adopting flexible dispatch limits, and align its processes with federal mechanisms to create a more predictable and transparent investment environment.

Question 3: Does the proposed approach for setting access limits within a REZ provide sufficient certainty to invest inside a declared REZ?

The proposed approach for setting access limits to Victoria's transmission network for projects located inside a REZ introduces considerable uncertainty and does not offer a clear or predictable pathway for project development. Developers expected that REZs would facilitate easier access to transmission infrastructure; however, the proposed approach of setting access limits is restrictive, lacks transparency and is likely to undermine investor confidence.

AGL believes proponents should be allowed to continue to assess and decide whether a particular location is commercially and technically viable for connection. This developer risk sits with the parties best placed to assess and manage it. Imposing rigid caps carries the risk of VicGrid's decisions resulting in the underutilisation of available network capacity, particularly when developers may be willing to accept higher levels of curtailment than VicGrid anticipates. In cases where curtailment occurs, it may create opportunities for innovative solutions such as battery storage or flexible demand, helping to maximise the value of low-cost renewable energy. AGL emphasis that if such a regime is to be implemented, it is essential that there is transparency in the underlying modelling and assumptions. Clear visibility into how decisions are made would help build trust in the process and provide proponents with the clarity needed to make informed investment decisions. This would also reduce the likelihood of projects being assessed multiple times against similar criteria with potentially inconsistent outcomes.

Question 4: How should new and different renewable energy technologies be included and considered within REZ access schemes?

AGL considers that the existing approach, where proponents assess and determine the commercial and technical viability of connection locations, has generally enabled the market to respond flexibly to emerging technologies and investment opportunities**.** The introduction of rigid access limits within the REZs particularly those that are technology specific, risks undermining this flexibility and could lead to unintended market outcomes. These include reduced investment, unfilled capacity due to a lack of proponents for certain technologies, and increased uncertainty for developers. AGL is concerned that such limits may result in projects being refused access based solely on technology type, despite their potential to contribute meaningfully to system needs. To avoid these outcomes, any consideration of REZ access limits should prioritise maximum utilisation of network infrastructure, rather than simply avoidance of congestion. This could include time-of-day generation profiles and require network businesses to demonstrate utilisation rates. Encouraging innovation such as dynamic line rating technologies should be preferred over approaches that rely solely on building new infrastructure. Transparency in modelling and assumptions will also be critical to ensure proponents can engage with confidence and clarity under any new regime.

Question 5: How should the access allocation approach respond to changes in market conditions and attrition of eligible projects over time?

AGL encourages VicGrid to critically assess whether shifting to a centralised access allocation model would genuinely improve outcomes for consumers compared to the existing open access approach. Centralising access decisions may reduce market responsiveness and flexibility, particularly as it shifts decision-making away from market proponents. This could make it more difficult to adapt to changing market conditions or account for the natural turnover of eligible projects, while imposing additional risks on consumers.

If access is held in reserve for future use, the allocation process becomes harder to predict, which may discourage investment and result in fewer generation projects being delivered. While managing congestion is a valid objective, technology-specific access limits may further complicate the process, potentially excluding viable projects based on technology type and leaving gaps in capacity unfilled.

Rather than designing new mechanisms to allocate constrained capacity, AGL recommends that VicGrid focus on expanding transmission infrastructure within REZs. Enhancing network capacity is a more practical and equitable solution that supports the scale of renewable development needed to meet Victoria's energy targets and deliver long-term benefits to consumers. Increasing the system's ability to host new projects should be the priority, not introducing measures that limit access. AGL also supports innovation—such as dynamic line rating technologies—that can improve infrastructure utilisation and reduce the need for costly new builds.

Question 6: What preparatory information on the REZ and the REZ access allocation process would be necessary prior to the release of a RFP?

To ensure the proposed access framework is workable and supports investor confidence, AGL recommends that VicGrid provide greater transparency and clarity across several implementation areas. Developers need full visibility of the modelling assumptions used to determine capacity limits, particularly how curtailment and congestion risks are factored into those assessments. It is also critical that VicGrid clearly articulate the criteria for access allocation, along with transitional arrangements for projects that have existing commitments under the CIS. In addition, AGL seeks further detail on how VicGrid intends to manage timing misalignments between connection inquiries and actual project delivery, as delays may result in previously granted access becoming invalid, creating uncertainty for proponents. Sufficient information should be released to ensure the outcomes are as predictable as possible.

Question 7: Are there any considerations in developing REZ scheme authority conditions which should be taken into account to provide value to developers and/or investors?

AGL recommends that any conditions associated with access in REZs be closely aligned with the Commonwealth's CIS tender requirements, to minimise duplication and avoid imposing unnecessary costs on developers. Transitional arrangements should apply consistently to all CIS-supported projects, not only those tendered prior to May 2024, to uphold fairness and provide certainty to market participants. Accordingly, transitional provisions for CIS projects should operate to confer access automatically, without requiring proponents to undergo an additional, complex or discretionary assessment process.

It is essential that the access framework supports coordinated and predictable outcomes, reducing investment risk and avoiding scenarios where projects successfully progress through one government process but are subsequently impeded by another, as has occurred in other jurisdictions.

Question 8: How should standalone or hybrid storage projects be treated within REZs, and how does this decision influence the investment case for renewable energy projects?

As mentioned above, AGL considers that the existing open access framework, where proponents assess and determine the viability of connection locations—has enabled the market to respond flexibly to emerging technologies and investment opportunities. Under this approach, the market naturally identifies and resolves its own requirements, without the need for technology-specific arrangements.

Introducing exceptions for standalone or hybrid storage projects further complicates the framework and may undermine investor confidence. Technology-specific access limits risk excluding viable projects based solely on their technology type, leaving gaps in capacity unfilled and reducing overall investment. These measures also increase investment risk by making outcomes less predictable for proponents.

Question 9: How could storage be operationally managed within a REZ to support renewable energy generation?

Storage limits within REZs should be applied relative to other generation limits (eg solar and wind), with a focus on supporting generators to minimise curtailment and maximising utilisation of network infrastructure.

Question 10: Does the proposed approach to the GIA provide sufficient value to developers and investors within a REZ?

AGL is concerned that the proposed GIA framework introduces additional complexity and uncertainty without delivering clear value to developers. While the expectation was for a mechanism that would streamline access, the current approach appears to add new hurdles and lacks transparency in decision-making. The GIA as currently proposed, appears to act more as a deterrent to development outside of a REZ, rather than as a means to provide a level of certainty or value to prospective developers. This structure risks deterring investment by creating a system where certainty is limited to successful applicants, while unsuccessful proponents face significant sunk costs and limited recourse. AGL considers that access arrangements should support broad market participation and provide clarity from the outset, rather than concentrating certainty among a small group of winners.

Question 11: Do the GIA guidelines provide enough certainty and clarity to developers and investors outside a REZ?

AGL does not support the proposed process, which lacks transparency and clear criteria for assessing project impact. Developers are unable to reliably anticipate outcomes before committing significant resources, increasing financial risk and discouraging early-stage investment. Greater clarity and predictability are needed to ensure the framework supports informed decision-making and does not deter participation.

Question 12: How should the development of connection hubs and connection assets be coordinated between developers to create value and improve overall efficiency?

AGL considers that effective coordination of connection hubs and associated assets is essential to maximising value and ensuring efficiency across REZs. Where connection hubs are proposed, VicGrid should play a facilitative role by securing transmission easements between the hub and individual projects. This would help streamline connection pathways, reduce duplication of infrastructure, and support timely project delivery.

Coordination between developers can be further enhanced through transparent planning processes, clear connection timelines, and shared access arrangements that reflect commercial and technical viability. AGL supports a framework that enables proponents to collaborate while maintaining flexibility to respond to market conditions. Early engagement and clarity around connection requirements will be key to ensuring efficient use of shared infrastructure and minimising delays.

Draft Community Engagement and Social Value Guidelines for Renewable Energy and Transmission Projects

AGL acknowledges the introduction of the Community Engagement and Social Value Guidelines as part of Victoria's broader regulatory framework for renewable energy development. We support the intent of these guidelines, which aim to strengthen community confidence through early engagement, transparency, and meaningful benefit sharing. These principles are critical to ensuring the energy transition delivers enduring benefits for landholders, Traditional Owners, and regional communities. While AGL welcomes the introduction of the guidelines, we note several practical considerations that require further clarity to ensure effective implementation without creating unintended consequences.

Clarity in definitions and guidance

The guidelines set out 48 expectations with associated documentation requirements. Consistent implementation will require clear guidance and practical tools to support engagement planning, delivery, and reporting across all project stages. AGL recommends that VicGrid provide clear examples and guidance on documentation and reporting approaches to support consistent interpretation and application of these expectations, while allowing proponents to use their existing processes where appropriate. Without clear definitions and practical tools, there is a risk of inconsistent application across projects, which could undermine confidence in the framework.

AGL supports culturally respectful and inclusive engagement and acknowledges the shift toward structured expectations drawn from the CIS framework. However, further clarity is needed on how these principles will apply across different project types to ensure consistency and meaningful outcomes.

Local Representation

The requirement for a regional presence with locally accessible engagement staff presents practical challenges, particularly during early development stages. Continuous physical presence may not always be practical, economical, or safe, especially in remote areas. AGL recommends applying this requirement flexibly by allowing alternative engagement methods such as dedicated phone lines, email communication, and scheduled visits and community days where maintaining a continuous physical presence is impractical. Clear delineation between VicGrid's role in REZ-wide engagement and developer's responsibilities for project-specific engagement is essential to avoid duplication and ensure efficient use of resources.

Benefit Sharing and First Nations Inclusion

AGL supports a scalable, context-sensitive approach to maintain project viability while delivering meaningful community benefits. Where possible, community benefits should be consistent across jurisdictions to support equitable outcomes regardless of location To support consistency and reduce administrative burden it may be worth considering benefit-sharing rates developed by the NSW Department of Planning, Housing and Infrastructure (DPHI). Publishing indicative rates would reduce uncertainty and empower parties to focus on achieving positive outcomes rather than negotiating baseline values.

AGL encourages the recognition of First Nations communities and Traditional Custodians as distinct groups entitled to receive financial benefits from the fund. To promote equitable outcomes and ensure consistency across projects, we recommend that VicGrid provide clear guidance on the proportion of the fund to be allocated to these groups, or alternatively, outline a transparent process for determining this proportion in consultation with First Nations representatives. It would be helpful to have guidance on the proportion of the pool of funding to be allocated, without prescribing how it should be spent. Decisions on the use of funds should be made by the First Nations communities and Traditional Custodian groups themselves. This will help ensure that benefit-sharing arrangements appropriately reflect the unique rights, interests, and contributions of First Nations people. AGL does not endorse allocating benefit-sharing funds to local councils. Instead, these funds should be administered by developers in close collaboration with both community and council representatives, ensuring transparency throughout the process. A dedicated portion of the funding should be reserved for Traditional Custodians and First Nations community groups, with the expectation that these groups manage their share independently.

Transitional Arrangements

AGL recommends a tailored framework for low-impact developments to ensure proportionality and reduce unnecessary burden.. Further clarity is needed on transitional arrangements for projects already under development. Consideration should be given to projects that have already made benefit-sharing commitments under existing frameworks. Requiring these projects to renegotiate benefits to align with new guidelines may affect their economic viability and risk undermining established relationships with communities. Transitional arrangements should be designed to preserve trust and avoid retrospective changes that could disrupt project timelines or community expectations. Further clarity is needed on transitional arrangements for projects already under development. Consideration should be given to projects that have already made benefit-sharing commitments under existing frameworks. Requiring these projects to renegotiate benefits to align with new guidelines may affect their economic viability and risk undermining established relationships with communities. Transitional arrangements should be designed to preserve trust and avoid retrospective changes that could disrupt project timelines or community expectations.

The guidelines are being introduced alongside a new access regime, creating potential duplication with existing planning processes. AGL emphasises the need for clarity on how these frameworks will interact to avoid unnecessary regulatory burden and ensure coherence. A coordinated approach across regulatory bodies will support efficient project delivery and clearer expectations for all stakeholders.

Insurance and Neighbouring Landholders

As AGL understand, VicGrid's preferred approach involves project developers consult with neighbouring landholders on insurance matters and enter into agreements that include a waiver of subrogation, preventing insurers from seeking recovery from neighbouring landholders in the event of a loss. While AGL acknowledges the intent to address community concerns about potential legal exposure, there is no clear evidence that the presence of energy infrastructure has impacted the availability or cost of insurance for neighbouring properties. Introducing a mandatory waiver mechanism risk adding unnecessary legal and administrative complexity without a demonstrated need. AGL recommends that VicGrid undertake detailed consultation with industry participants, insurers, and legal experts to ensure that any proposed approach is proportionate, evidence-based, and practical. Clear guidance on the definition of "neighbour" and flexibility in how and when agreements are executed will also be critical to avoid unintended project delays and regulatory uncertainty.