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Gavin Fox
Acting General Manager
Market Performance Branch
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

By email: RRO@aer.gov.au

14 September 2022

Dear Gavin,

RRO - SA January to March 2024

AGL Energy (AGL) welcomes the opportunity to make a submission to the Australian Energy Regulator (AER) on the Australian Energy Market Operator's (AEMO) Reliability Instrument Request for South Australia (SA), January to March 2024.

AGL is a leading integrated essential service provider, with a proud 184-year history of innovation and a passionate belief in progress – human and technological. We deliver 4.2 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, with an operated generation capacity of over 11GW, which accounts for approximately 20% of the total generation capacity within Australia's National Electricity Market.

AEMO's Instrument Request identifies a forecast reliability gap of 230MW and that additional firm capacity of 170MW would be required to reduce expected unserved energy (USE) below the interim reliability measure. AGL's view is that AEMO has erred in identifying a forecast reliability gap, as it has made assumptions underpinning its forecast data that are inaccurate and which have had a material impact on unserved energy outcomes in the reliability forecast (National Electricity Rules, cl. 4A.C.11(b)).

AGL's specific concerns are centered on AEMO's assessment of Committed/Committed* vs. Anticipated new projects. AEMO has classified both Iberdrola's 123MW Bolivar Power Station and AGL's 250MW Torrens Island Battery as Anticipated when both are on track to be operational well before the forecast reliability gap period starts in January 2024.

Publicly available information related to both Bolivar Power Station¹ and Torrens Island Battery² suggest the Committed* criteria are met. Committed* projects are those satisfying criteria relating to Land, Finance, and

¹ Electricity generation licence application, <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-generation-licence-variation-and-transfer-iberdrola-australia-energy-markets/iaem>

² AGL Annual Report 2022, <https://www.agl.com.au/content/dam/digital/agl/documents/about-agl/investors/2022/220819-agl-energy-annual-report-2022.pdf>
Electricity generation licence application, <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-generation-licence-application-agl-torrens-island-battery/electricity-generation-licence-application-agl-sa-generation>



Construction, with some progress in Planning or Contracts. Had AEMO's forecasts accounted for these projects as being Committed*, this would have significantly altered, if not removed, the identified reliability gap assessed against the interim reliability measure. On this basis, AGL's view is that the T-1 Reliability Instrument Request should not be granted.

Further supporting our position is the now Committed status of the ≈160MW Mortlake South Wind Farm in Victoria. The 2022 Electricity Statement of Opportunities (ESOO) states that the Mortlake South Wind Farm became Committed after the 2022 ESOO was modelled and that its inclusion would reduce forecast reliability risks in Victoria from 2022-23.³ Given Mortlake's proximity to the Heywood Interconnector, we argue it would also assist in reducing South Australian reliability risks.

Thank you for considering our submission. Please contact me on 03 8633 6723 or lggharghori@agl.com.au if you would like to discuss any matters raised herein.

Yours sincerely,

Liz Gharghori
A/g Senior Manager Wholesale Market Regulation

³ AEMO, 2022 Electricity Statement of Opportunities, August 2022, p. 8.