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ERC0284 Draft Determination – Compensation for participants affected by intervention events

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) consultation on compensation for market participants affected by intervention events, which considers two rule change proposals from the Australian Energy Market Operator (**AEMO**).

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator, and developer of renewable generation. Our diverse power generation portfolio includes base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources. AGL is also a significant retailer of energy and provides energy solutions to over 3.6 million customers in New South Wales, Victoria, Queensland, Western Australia, and South Australia.

We value the opportunity we have had to engage with the AEMC throughout the consultation process, and the detailed consideration the AEMC has given to stakeholder feedback. Our views on the draft rule determination are as follows:

Affected participant compensation for FCAS losses

AGL supports the AEMC's more preferable draft rule to implement a framework for affected participant compensation for frequency control ancillary services (**FCAS**) losses. We with the AEMC that the draft rule is consistent with the purpose of affected participant compensation, which is to put participants in the position they would have been in, but for the intervention.

In particular, we support applying a comparison of dispatch targets received and "what if" dispatch targets to determine the level of affected participant compensation.

Compensation for scheduled loads affected by interventions

We support the AEMC's more preferable draft rule to bring treatment of scheduled loads in line with the treatment of affected participants following an intervention event. We appreciate the AEMC's agreement with our suggestion to modify the formula by which scheduled load compensation is calculated, so that compensation will be calculated based on a volume-weighted approach across bid bands. While a volume-weighted approach will lose much of its value with the introduction of five-minute settlement (**5MS**), we still consider it to be a better approach.

Transitional issues

The AEMC has asked for feedback on the appropriate approach to apply should an AEMO intervention event begin before commencement of 5MS and end post-changeover. While this scenario is unlikely to



come to fruition, our view is that it may be appropriate for this be considered as two intervention events. This would enable the “first” event before 5MS commencement to be settled under the existing rules, and the “second” event commencing at 5MS changeover to be settled under the amended rules.

If you have any queries about this submission, please contact Liz Gharghori on (03) 8633 6723 or lgharghori@agl.com.au.

Yours sincerely,

Chris Streets

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