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South Australian Energy Transformation PADR feedback

AGL welcomes the opportunity to comment on the Project Assessment Draft Report (PADR) on the South Australia Energy Transformation Regulatory Investment Test for Transmission (RIT-T) process.

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 3.5 million customers in New South Wales, Victoria, Queensland, Western Australia, and South Australia.

AGL notes the PADR preferred option of a new interconnector between South Australia and New South Wales and appreciates that this was found to be the selected long-term solution for the region. However, AGL considers that there remains scope for a non-network solution to be applied over the short to medium term, until the potential energisation date of the interconnector, slated to be between 2022 and 2024.

AGL anticipates that absent a short to medium term solution, this transition period may be difficult to manage, with the probability of considerable changes to the generation mix and possibly the overall operation of the National Electricity Market.

Demand response represents a flexible operational and cost-effective solution for this transition period. An appropriately managed demand response portfolio can be increased or decreased through varying time periods (year, quarter, month) as required, with the relevant costs reflective of the relevant capacity. AGL considers the flexibility afforded by demand response is preferable to any fixed capex solution that could be applied over the same period.

As a large incumbent retailer, AGL is well placed to provide a meaningful demand response portfolio in South Australia to support ElectraNet through the transition period. AGL refers to its previous submissions to ElectraNet, the most recent dated 20 April 2018, and reiterates its offer to provide a demand response solution until any new interconnector is energised.

Thank you for considering our comments and further proposed solution. Should you have any questions, please contact Liz Gharghori on 03 8633 6723 or lgharghori@agl.com.au.

Yours sincerely,

Chris Streets

Senior Manager Wholesale Market Regulation