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Wholesale electricity market performance monitoring - 2022 focus paper

Via email - wholesaleperformance@aer.gov.au

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AGL Response to AER Wholesale electricity market performance monitoring - 2022 focus paper

AGL Energy (AGL) welcomes the opportunity to comment on the AER's Wholesale electricity market performance monitoring - 2022 focus paper.

This 2022 Focus paper provides an overview the areas of analysis the AER intend to focus on, and the framework and tools that will be applied, when undertaking the wholesale electricity performance review.

An additional issue the AER should explore is the impact of market interventions. AEMO market interventions, such as directions for system security, have become a prevalent feature of the NEM. Most notably the system security directions to generators in South Australia. We note the AEMC also made changes to the intervention pricing and compensation frameworks in late 2019. These changes resulted in the removal of intervention pricing when AEMO obtain system services not traded in the market. In light of the changes to intervention pricing and the increasing prevalence of AEMO system strength directions, the AER should consider how these actions affect market signals and whether they give rise to barriers to entry.

This report also provides an opportunity for the AER review the market impact of recent reforms. In particular, the AER should consider:

- The effectiveness of the Retail Reliability Obligation in addressing forecast reliability gaps when triggered at T-3. In addition, the impact of the concurrent Market Liquidity Obligation (MLO) in improving market liquidity.
- The market impact of the 42 month notice of closure requirement on supply certainty and market transparency.

If you have any queries about this submission, please contact Kyle Auret on (03) 8633 6854 or KAuret@agl.com.au.

Yours sincerely,

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