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Australian Energy Regulator

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Transmission Guideline negotiated services updates

AGL Energy (AGL) welcomes the opportunity to respond to the Australian Energy Regulator (AER) Transmission Guideline negotiated services updates consultation.

About AGL

Proudly Australian for more than 185 years, AGL supplies around 4.5 million energy and telecommunications customer services. AGL is committed to providing our customers simple, fair, and accessible essential services as they decarbonise and electrify the way they live, work, and move.

AGL operates Australia's largest private electricity generation portfolio within the National Electricity Market (NEM), comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and gas production and storage assets. We are building on our history as one of Australia's leading private investors in renewable energy to now lead the business of transition to a lower emissions, affordable and smart energy future in line with the goals of our Climate Transition Action Plan.

Extending the ring-fencing guideline to include all negotiated transmission services

We support the AER's proposal to extend the ring-fencing guideline to ensure all negotiated transmission services are uniformly subject to ringfencing obligations.

As noted in our previous submission, the core risk associated with the monopoly power position of transmission network service providers (TNSPs) is most effectively addressed by extending the obligations under the ring-fencing guideline to include all contestable negotiated transmission services.

Transmission ring-fencing is critical to promote the development of competitive markets in the electricity sector, due to the inherent advantages TNSPs have as regulated monopolies over other competitive market players. These advantages include access to their network, data, technical expertise, and capital within their regulated business. Ring-fencing is necessary to avoid cross-subsidisation with the regulated business and to prevent the discrimination of competitors in contestable markets.

Extending the non-discrimination clause to negotiated services

We support the AER's proposal to amend clause 4.1 of the guideline to provide that a TNSP must not discriminate (either directly or indirectly) between a related electricity service provider (RESP) and a competitor of a RESP, in connection with the provision of prescribed transmission services or negotiated transmission services.

Expanding ring-fenced information requirements to negotiated services

We support the AER's proposal to extend information access and disclosure requirements in the guideline so that they expressly capture all information obtained by a TNSP in the provision of negotiated services. This could help mitigate the risk of related entities gaining competitive advantages by accessing sensitive customer information.

Separation of staff

We do not support the AER's proposal to retain existing staffing requirements for TNSPs. There will be a higher risk of information being inadvertently shared in ways that could influence competition in the contestable services market by not extending staff separation requirements.



Separation of staff can help minimise the risk of a TNSP unintentionally or deliberately favouring its own business or a RESP to the detriment of competitors. In particular, it is challenging to monitor and control the potential sharing of information between staff. Implementing functional separation of staff reduces the risk of improper sharing of ring-fenced information.

Reporting on negotiated services

We support the AER's proposal requiring additional public reporting by TNSPs on several aspects of negotiated transmission service delivery, to assist with ongoing monitoring of the effectiveness of the guideline, including:

- the total number of connection applications received by the TNSP in a calendar year
- the proportion of those connection applications where contestable electricity services were provided solely by a RESP of the TNSP
- the proportion of those connection applications where contestable electricity services were provided by an entity other than a RESP of the TNSP
- for connections where contestable electricity services were provided by the TNSP's RESP, the average time (in business days) between initial receipt of the application for connection and the commissioning of the connection
- for connections where contestable electricity services were provided by an entity other than the TNSP's RESP, the average time (in business days) between initial receipt of the application for connection and the commissioning of the connection.

This will provide greater transparency for the market, improve accountability, and enable market participants to make more informed commercial decisions.

Removing the maximum limit term for waivers

We do not support the AER's proposal to remove the maximum term limit for ring-fencing waivers.

The current maximum term for which a ring-fencing waiver can be granted (clause 5.3.4), up to two regulatory control periods (except in respect of batteries), should be sufficient time for TNSPs and their partners to test the viability and impact of innovative business models, and for other parties to evaluate the impact of these arrangements on their own service offerings. This evidence should then inform whether it is suitable to extend a waiver.

We acknowledge ring-fencing waivers are an important enabler for industry trials on emerging technologies and business models. However, these trials can and should be conducted under limited timeframes, and within clear boundaries, to ensure that they do not lock in a particular technology or impede the ability of competitors to offer alternative solutions.

Clarifying sign-offs for annual compliance reports

We support the AER's proposal to standardise submissions of TNSP annual compliance reports by requiring a cover letter signed by the most senior executive in the organisation.

We agree that this change would ensure that all TNSPs are consistent in the level of review and sign-off for annual compliance reports. It would also ensure consistency with the AER's Compliance Reporting Best Practice Manual.

If you have queries about this submission, please contact Alifur Rahman at [REDACTED]



Yours sincerely,

Chris Streets

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