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Jonathan Jorgensen

Australian Energy Market Operator

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By email jonathan.jorgensen@aemo.com.au

5 June 2019

Dear Jonathan,

Procedures for Issue of Directions and Clause 4.8.9 Instructions

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Market Operator's (AEMO) first stage of consultation on proposed amendments to the Procedures for Issue of Directions and Clause 4.8.9 Instructions (Procedures).

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 largely supports the proposed amendments to the Procedures on the basis that they provide greater clarity and specificity around AEMO's processes when it issues directions and instructions. We offer two suggestions to further improve the Procedures.

1. Section 3(d)(i)(B) of the Procedures provide that AEMO should seek to minimise the costs arising from the likely compensation to directed participants, with reference to the costs likely to be incurred by the participant in complying with a direction. We consider it would be useful to extrapolate in this section that the National Electricity Rules exclude short run marginal costs from AEMO's consideration of the "costs likely to be incurred".
2. AEMO's Issues Paper asks that stakeholders consider any unintended adverse consequences of the proposed changes. We have identified one area of concern in Section 5(a) of the Procedures, which provides that where a direction relates to scheduled plant, a directed participant must submit a dispatch offer (or bid or rebid) with its maximum available capacity equal to the quantity specified in the direction.

AGL suggests that "equal to" be replaced with "greater than or equal to" given the directed participant will be constrained down to the directed amount in any case. Allowing the participant to enter a greater amount of maximum available capacity than what is directed, means that the participant can set up the future offers (or bids or rebids) it intends to make once the direction period concludes. This better



reflects the participant's intentions, as well as cutting out a step for the participant who would otherwise have to amend its maximum available capacity when the direction period concludes.

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

Senior Manager Wholesale Markets Regulation