AGL Energy Limited
T 02 9921 2999
F 02 9921 2552
agl.com.au
ABN: 74 115 061 375
Level 24, 200 George St
Sydney NSW 2000
Locked Bag 1837
St Leonards NSW 2065

Australian Energy Market Operator
reformdevelopmentandinsights@aemo.com.au

18 October 2023

Structure of gas participant fees

AGL Energy (AGL) welcomes the opportunity to respond to the Australian Energy Market Operator (AEMO) Structure of gas participant fees draft report and determination.

About AGL

Proudly Australian for more than 185 years, AGL supplies around 4.3 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, 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.

East coast gas system reform program fees

AGL supports **option one**, a separate fee consistent with the gas bulletin board (GBB) fee structure, for the East coast gas system (ECGS) reform program fee (i.e. 50% of costs to producers and 50% to wholesale gas market participants on a $ / GJ produced basis). This simple approach which adopts an existing structure is appropriate given the magnitude of the fees is only estimated to be $2M capital costs and $1.5 annually for stage 1, and likely less for stage 2. We consider an allocation of 50% to producers is fair as the ECGS reform program relates to the integrity of the market which is to the benefit of all participants.

We do not support **option two**, a separate fee that levies costs of the ECGS reform program fee on a $/GJ withdrawal/consumed basis from bulletin board shippers only charged on an annual/quarterly basis. We consider this approach to be unnecessarily complex and also deficient in that it does not allocate any fees to producers.

We also do not support **option three**, a separate fee consistent with the existing GSOO fee structure approach (i.e. allocation of 30% costs to producers (including supply for LNG exports) on a $/GJ basis and 70% of the costs to retailers on a $/supply point basis). We do not consider a $/supply point basis will lead to an allocation that is adequately reflective of involvement since the volume at each supply point varies. We also consider that the allocation of only 30% to producers does not reflect their involvement and influence on the ECGS reform program fees.

If you have queries re this submission, please contact Anton King on (03) 8633 6102 or aking6@agl.com.au.

Yours sincerely,

Kyle Auret
A/g Senior Manager Wholesale Markets Regulation