



1 July 2013

The Research Director
State Development, Infrastructure and Industry Committee
Parliament House
George Street
Brisbane QLD 4000

By Email: sdiic@parliament.qld.gov.au

Dear Sir / Madam

Inquiry into the Energy & Water Legislation Amendment Bill 2013

AGL Energy Ltd (**AGL**) welcomes the opportunity to provide feedback to the inquiry being conducted by the State Development, Infrastructure and Industry Committee (**Committee**) into the *Energy and Water Legislation Amendment Bill 2013 (Bill)*.

AGL operates across the supply chain and has investments in coal-fired, gas-fired, renewable and embedded electricity generation. AGL is Australia's largest private owner, operator and developer of renewable generation in Australia. AGL is also a significant retailer of energy with over 3 million electricity and gas customers. Accordingly, AGL is well placed to provide views on the Bill.

The Bill seeks to:

- amend the *Electricity Act 1994* (and make consequential amendments to the *Energy & Water Ombudsman Act 2006*) so as to cease the operation of the Queensland Gas Scheme as at 31 December 2013;
- repeal the *Clean Energy Act 2008* to cease operation of the Smart Energy Savings Program immediately; and
- amend the *South-East Queensland Water (Distribution and Retail Restructuring) Act 2009* to add Noosa Shire Council to the list of participating councils for the Northern SEQ Distribution-Retailer Authority from 1 January 2014.

The first proposed amendment above is of greatest relevance to AGL, accordingly we will limit our feedback in this response to that issue.

On the basis of the climate change policy settings currently in existence, AGL does not have significant concerns with the proposed cessation of the Queensland Gas Scheme. AGL notes that with the carbon pricing mechanism in place, a separate scheme that provides additional benefits to gas-fired generation is unnecessary and duplicative.

Further, to the extent that the Queensland Gas Scheme is intended to incentivise the development of additional gas-fired generation in Queensland, this is unnecessary and inefficient under current market conditions given the current oversupply of generation (which will be added to further by generation that will need to be developed to meet the Renewable Energy Target).

AGL has no major concerns with the proposed timing of the changes. We note that the early notice being given of the proposed changes, and the fact that the changes have remained in substantially the same form since the Department of Energy & Water's initial consultation with stakeholders in May 2013, has been helpful in providing some market certainty on these issues.

- > Being selected as a member of the Dow Jones Sustainability Index 2006/07
- > Gaining accreditation under the National GreenPower Accreditation Program for AGL Green Energy®, AGL Green Living® and AGL Green Spirit
- > Being selected as a constituent of the FTSE4Good Index Series

Concluding remarks

AGL would be happy to provide further information to the Committee should this be helpful. Please contact Anita George at ageorge@agl.com.au or on (03) 8633 7212 if you have any questions in relation to AGL's position on these issues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim Nelson'.

Tim Nelson
Head of Economic Policy and Sustainability

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