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Anthea Harris
Chief Executive Officer
Climate Change Authority
GPO Box 1944
Melbourne VIC 3001

By email: submissions@climatechangeauthority.gov.au

11 March 2015

Dear Ms Harris,

AGL Energy Response to the Climate Change Authority's Special Review

AGL Energy (**AGL**) welcomes the opportunity to provide input to the Special Review (**the review**) by the Climate Change Authority (**the Authority**).

As a leading integrated retailer, AGL is well placed to provide input to the review. AGL operates across the supply chain and has investments in coal-fired, gas-fired, renewable and embedded electricity generation and provides energy to over 3.8 million customers. The diversity of this portfolio has allowed AGL to develop a detailed understanding of the risks and opportunities presented by climate change-related policy.

Given the parameters of the review as set out in terms of reference, we note the following:

- AGL accepts the scientific consensus on climate change. We note that the Intergovernmental Panel on Climate Change (IPCC) AR5 report states that decarbonisation of the electricity sector is required in the coming decades to provide a 66% chance of limiting warming to less than 2°C above pre-industrial levels.
- AGL does not have the scientific expertise to provide feedback on the carbon budget and emission reduction target amounts that would be appropriate given the subjectivity of national carbon budgets within an overall global limit;
- notwithstanding this, AGL recognises the value of a national carbon budget with long and short term emission reduction targets and gateways. Such a framework facilitates appropriate long-term investment decision making; and
- the Authority's prior work provides appropriate overarching recommendations for a framework to facilitate long-term investment certainty.

A copy of an AGL Applied Economic and Policy Research Working Paper is attached to this submission. Should you wish to discuss any aspect of this submission, please contact Cameron Reid on creid@agl.com.au or 03 8633 7201.

Yours sincerely,



Tim Nelson
Head of Economic Policy & Sustainability



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