

2025 consultation

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NSW Government

Net Zero Commission

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11 July 2025

NSW Net Zero Commission 2025 consultation

AGL Energy (AGL) welcomes the opportunity to make a submission in response to the Net Zero Commission's 2025 consultation.

We support the New South Wales government's ambition of net zero by 2050 and believe it will underpin the competitiveness of a modern, productive, healthy, and sustainable economy for New South Wales. This vision will be realised by generating power using wind and solar resources, backed up by technologies like batteries, hydro power and, for some of this transition, gas.

As the global community responds to the risks of climate change, AGL recognises our role in the transition to a low carbon economy. Our inaugural 2022 [Climate Transition Action Plan](#) (CTAP) outlines AGL's ambition to become an integrated low-carbon energy leader, which includes the scheduled closure of Bayswater power station, and repurposing our thermal generation sites into low carbon industrial energy hubs. These energy hubs aim to support reinvestment into local communities and economies, reduce costs by repurposing existing infrastructure and assets, ensure productive future use of land and existing electrical infrastructure post closure, and provide future jobs for the workforce and next generation as well as local communities. AGL is currently updating its CTAP for release later in 2025.

Supporting a whole-of-economy approach to reducing emissions

AGL is supportive of the New South Wales Government taking a whole-of-economy approach to developing its Climate Change Strategy, which will guide how New South Wales can transform its economy to net zero by 2050, build resilience, and adapt to the impacts of climate change.

Decarbonising the electricity and energy sector will be central to realising New South Wales's net zero ambitions. This involves increasing renewable energy, electrification, and consumer energy resources (CER), backed by investments in grid infrastructure, storage, and demand response mechanisms. Importantly, a coordinated effort among all government levels, market bodies, industry, and consumers will be essential.

A key challenge for the energy transition is for the price of energy to remain affordable and for system reliability and security to be maintained. If these two factors are not appropriately balanced with the emissions reduction imperative, it will result in poor short-term outcomes for consumers and the energy system generally and undermine social licence for transition.

The transition will involve all sectors of the New South Wales economy contributing towards an accelerated ambition to net zero emissions, in a way that provides opportunities to reduce energy input costs for New South Wales households and businesses, and leverages new industries to create value and opportunities.

Nature and biodiversity considerations, along with circular economy principles for recycling solar panels, batteries, and wind turbines, are also vital as renewable energy expands.

We note the Commission's commentary that construction of renewable generation capacity to meet the NSW Roadmap target of 12GW by 2030 is accelerating but remains well below the required levels, partly due to delayed new transmission infrastructure.

The federal government Capacity Investment Scheme (CIS) and the current Independent Review of Wholesale Market Settings in the NEM are seeking to address financial barriers to accelerate new development – but as the Commission acknowledges, there remain other risks and barriers to the deployment of new renewable and long duration firming capacity and storage. Complimentary policies and reforms in other areas will therefore be required to successfully accelerate the deployment of new infrastructure.

Some of these challenges arise from the need for coordination of all market reforms under development. These include planning approvals, connection processes, and supply chain constraints including workforce availability affecting the construction of new projects and social license issues. Critical projects that are required to support energy security and affordability in NSW need to be expedited.

Supporting energy consumers and businesses through their decarbonisation journey

AGL believes that people, equity, and fairness must be at the heart of the energy transition. It is incumbent on us to make sure the actions we take now ensure the energy markets of the future will achieve these objectives.

For customers, affordability and cost of living pressures are key concerns that industry and government need to address when developing a pathway to net-zero to ensure that no one is left behind. Additional support mechanisms may therefore be required for vulnerable customers and to ensure public support for the transition.

As part of the energy transformation, many innovative solutions and reforms are currently being explored across the industry. However, maintaining effective market competition and appropriate economic signals are imperative to ensuring ongoing efficient investment in the energy transition to reduce costs. The benefits of lower energy bills can be delivered by competitive businesses seeking to reduce prices and enhance product offerings for customers, as well as ongoing scrutiny of regulated expenditure.

AGL considers that electrification is the most likely decarbonisation pathway for residential consumers. It is also a critical enabler for the industrial, transport, and other sectors of the economy to reach net zero emission targets. We consider that the NSW government should consider the merits of phasing out gas connections and appliances, which would not only support emissions reductions but encourage more modern, healthy, and affordable energy solutions in the built environment.

Where electrification is not feasible, in particular for some commercial and industrial use cases, AGL supports the development of low carbon fuels such as biomethane to assist with transition to a low-carbon economy.

AGL seeks to connect our customers to a sustainable future, helping them decarbonise the way they live, move and work. Our leading [Electrify Now](#) site is an example of an initiative that enables people to better understand the benefits of electrification through providing tailored estimates of the costs and benefits and access to expert advice.

However, to support residential and small business electrification at pace and at scale, government support is essential. Through the right incentives, regulatory frameworks, and policy settings, governments can help more households benefit from electrification.

An example of this is the NSW Energy Savings Scheme (ESS) and Peak Demand Reduction Scheme (PDRS) programs, which promote incentives for electrification by reducing upfront costs for customers, enhancing energy efficiency, and lowering overall energy demand.

Electrification and the sustained uptake of CER will continue to shape energy needs along with the decarbonisation of the transport and industrial sectors, which is likely to increase system demand. Effective demand management and orchestration are crucial to mitigate these impacts by improving energy efficiency and productivity.

The building sector can also significantly benefit from electrification and decarbonisation. Simple improvements like insulation can significantly enhance the energy efficiency of New South Wales's housing stock. Rental standards could be improved with a focus on electrification and improved energy efficiency. Planning approvals and standards could be adapted to encourage further emissions reductions. The NSW Government should continue supporting measures to improve home thermal performance and heating system and broader appliance efficiency.

Supporting the energy workforce and communities more broadly through the transition

The energy transition offers significant opportunities and challenges for workforce transformation. Opportunities include new jobs in renewable energy and emerging technologies. Challenges include a higher demand for technically skilled and diverse workers, especially engineers, electricians, and corporate professionals.

In our 2022 CTAP, we set out our approach to supporting workforce transition, acknowledging that labour and skills required to operate our generation assets will change over time. AGL is committed to collaborating with employees, their representatives, and governments on workforce and site transitions.

Building trust and social licence with communities and customers is crucial for a smooth energy transition. Renewable energy projects in regional areas currently face delays due to planning delays, often as a result of social licence issues. Both industry and governments must build community awareness and acceptance of the energy transition. The energy industry needs to engage meaningfully with communities to build trust, ensuring they feel heard and benefit from the transition.

We look forward to continuing to work closely with the NSW Government and NSW Net Zero Commission to help realise the decarbonisation ambition for New South Wales.

Should you have any questions in relation to this submission, please contact Aleks Smits (Senior Manager Policy) on [REDACTED]

Yours sincerely,

Ralph Griffiths

GM Policy and Market Regulation

AGL Energy

About AGL

Proudly Australian since 1837, AGL delivers around 4.5 million gas, electricity, and telecommunications services to our residential, small and large business, and wholesale customers across Australia. AGL operates the largest electricity generation portfolio in Australia of any ASX-listed company, with a total operated generation capacity of almost 8000 MW across Australia. AGL is Australia's largest privately-owned hydro power station operator and operates the largest portfolio of renewables and storage assets of any ASX listed company. Since 2006, AGL has invested billions of dollars in the construction and delivery of over 2 GW of renewable and firming capacity in the National Electricity Market (NEM).