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Australian Energy Market Operator (AEMO)
By email: forecasting.planning@aemo.com.au

11th February 2025

RE: GE Vernova response to CSIRO-AEMO GenCost 2024-25 Draft Report

GE Vernova welcomes the opportunity to provide comment on the CSIRO-AEMO GenCost 2024-25 Draft Report.

As a leading global provider of energy generation technologies and solutions, GE Vernova has a deep historic commitment to supporting the energy transition in Australia through innovation, reliability, and collaboration.

Indeed, our engagement in Australia pre-dates GE. In 1883, Edison tubes were installed to provide electric lighting in Queensland's Parliament House.

Today, nearly 30% of Australia's electricity is generated using our technology across an installed base of more than 24 GW of installed capacity. GE Vernova is uniquely positioned to work with governments and partners in Australia with a broad range of generation technologies:

- Power: Our Power segment serves power generation, industrial, government, and other customers worldwide with products and services related to energy production. Our products and technologies harness resources such as natural gas, oil, diesel, water, and nuclear to produce electric power and include gas and steam turbines, full balance of plant, upgrade, and service solutions.
- Wind: Our Wind segment includes our wind generation technologies, inclusive of onshore and offshore wind turbines and blades. In our Wind segment, we engineer, manufacture, and commercialize wind turbines, an important technology playing a key role in the energy transition as we seek to decarbonize the world's energy sector.
- Electrification: Our Electrification segment includes grid solutions, power conversion, solar and storage solutions, which we collectively refer to as Electrification Systems, and Electrification Software, that provide products and services required for the transmission, distribution, conversion, storage, and

orchestration of electricity from point of generation to point of consumption. Several of the key offerings in this segment, for example, include our high-voltage direct current transmission (HVDC) products, power transformers, switchgear, and our grid automation related products and services.

This extensive technology portfolio allows GE Vernova to offer diverse and pragmatic solutions for the evolving Australian energy market.

GE Vernova recognises the importance of GenCost in guiding investment decisions and energy planning, and we encourage an approach that reflects the latest advancements and real-world cost considerations across all technologies.

GE Vernova's Consulting Services division brings global expertise in power system modelling, investment planning, and economic assessments of generation technologies. We are keen to engage further with the GenCost review process to provide insights on the operational and market integration of various generation technologies, including the role of gas and hybrid solutions in ensuring system reliability as Australia transitions to higher shares of renewables. Our team can offer data-driven perspectives that enhance the robustness of cost assumptions and methodologies employed in the report.

GE Vernova comments to the GenCost 2024-25 Draft Report

GE Vernova operates in a supply-constrained environment and have faced, are facing, and may in the future face, supply-chain shortages, inflationary pressures, shortages of skilled labour, increases in raw material prices, transportation and logistics challenges, and manufacturing disruptions that are significantly affecting our costs. Moreover, GE Vernova's delivery model often incorporates partnerships with Engineering, Procurement, and Construction (EPC) firms, whose costs have also increased since the Covid-19 pandemic.

To manage the impact of supply chain shortages and inflationary pressures, we have sought, and may continue to seek, to negotiate long-term agreements with suppliers, develop relationships with alternative suppliers, drive productivity initiatives in our manufacturing operations, provide training to our employees, develop alternate transportation routes, modes, and providers. While these measures have successfully mitigated against some historical impact, we expect supply chain pressures across our businesses will continue to persist as the supercycle of global investment into the electric power system accelerates amid myriad geopolitical and macroeconomic risks.

In our Gas Power business, production lead times have more than doubled along with a significant increase in our cost base as a result of demand outstripping supply, though we are proactively managing this by deploying lean initiatives to reduce lead-times, drive cost productivity, and are making investments to expand our capacity and capabilities.

In our Onshore Wind business, a large amount of recent cost increases have been driven by increasing logistics and installation costs. Additionally, although wind costs have historically declined, we do not believe that this trajectory will necessarily continue in the future as many original equipment manufacturers have experienced financial difficulties in recent years.

Next steps

GE Vernova appreciate the transparency and industry consultation underpinning the GenCost process and look forward to contributing our technical expertise and industry experience to refine cost assessments and support the development of a balanced and forward-looking energy roadmap for Australia.

GE Vernova would like to engage with GenCost reviewers by arranging a meeting with our local team and Consulting Services experts to discuss how our global insights and local experience can help inform future iterations of the report.

GE Vernova remains committed to advancing the energy transition in Australia by delivering innovative and cost-effective solutions across the generation mix.

Should you have any questions or require further information please do not hesitate to contact the undersigned.

Yours sincerely,

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