



8 April 2021

Charles Popple
Commissioner / Reliability Panel Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

Dear Mr Popple

Review of the Reliability Standard and Settings Guidelines – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Reliability Panel's Review of the Reliability Standard and Settings Guidelines Consultation Paper.

Origin is generally supportive of amending the Guidelines to provide the Reliability Panel with the scope to holistically assess both the form and level of the reliability standard/settings in the national electricity market (NEM) as part of its scheduled reviews.

The nature of the NEM has changed materially since the Guidelines were first introduced in 2016 and a decision was made to limit the scope of reviews. Prospective investors now face material uncertainty around future revenue potential, driven by changing market dynamics, the impact of government sponsored projects, accelerated new interconnection, lower grid demand and policy uncertainty; governments have demonstrated a preference for levels of reliability beyond what the existing standard/settings are intended to deliver, as evidenced by the introduction of the Interim Reliability Measure and other initiatives; and the Energy Security Board (ESB) is currently considering a range or market reforms that may further impact investment signals in the NEM.

Given these factors, the upcoming 2021 Reliability Standard and Settings Review (RSSR) will be particularly important in the context of assessing whether existing market settings, coupled with any potential reforms recommended by the ESB, will provide adequate investment signals to support reliability of supply at least cost for consumers over the longer term. It is therefore appropriate the Reliability Panel is afforded the flexibility to holistically consider and adapt the reliability standard/settings as required (in consultation with stakeholders).

Notwithstanding the above, Origin considers the most relevant issue for consideration as part of the 2021 RSSR will likely be the level of the relevant settings, noting parameters like the market price cap (MPC) are theoretically intended to be set at the level required to facilitate investment in capacity to meet the reliability expectations of consumers over time.

If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

SCole

Shaun Cole
Energy Regulation Manager