



25 November 2021

Anna Collyer  
Chair  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Submitted online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Ms Collyer

**Extension of time and reduction in scope of the 2022 Reliability Standard and Settings Review – Consultation Paper**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Extension of time and reduction in scope of the 2022 Reliability Standard and Settings (RSS) Review Consultation Paper.

Origin supports the intent of the proposed rule, which is to facilitate a holistic assessment of the adequacy of National Electricity Market (NEM) settings alongside the potential application of more substantive market reforms. However, we do not agree it is necessary or prudent to undermine the independent role of the Reliability Panel to undertake such an assessment. A more appropriate solution would be to revise the timing of the Reliability Panel's 2022 RSS Review such that it can be undertaken in parallel with the ESB's capacity mechanism design workstream over the course of 2022, and tailor the review to accommodate the needs and outcomes of the ESB's process.

The market settings of the energy only NEM are expected to be defined and set in a way that facilitates reliability of supply through timely entry and orderly exit, consistent with consumer expectations. Implicit in the decision to undertake further work on the potential design of a capacity mechanism is that current market settings may not be sufficient to allow participants to recover both energy and capacity costs. Assessing the adequacy of market settings under different scenarios (i.e. if the energy-only market is retained, or supplemented by the introduction of some form of capacity market) will therefore be crucial to informing the direction of future market reform.

Origin considers such an assessment could be achieved under the existing framework by: aligning the timing of the Reliability Panel's 2022 RSS Review with the ESB's capacity mechanism design process such that final recommendations are required to be provided by the end of 2022, rather than 30 April 2022 as currently prescribed; and specifying in the Panel's initial Terms of Reference (TOR) that it must assess the adequacy of market settings under different reform scenarios determined by the ESB. The Reliability Panel's recommendations could then be incorporated into the ESB's final advice to National Cabinet, with any rule change to revise market settings to be submitted by the Reliability Panel after a decision on the application of a capacity mechanism in the NEM.

If the Reliability Panel's independent review function were to be transferred to the ESB on a temporary basis, it would be prudent to ensure adequate governance arrangements were established to guide the ESB's review of market settings. Under such circumstances, we consider:

- the ESB should be required to comply with existing rules relating to the review of, and reporting on, market settings, as set out under 3.9.3A and 3.9.3B of the NER; and
- the Reliability Panel should retain an advisory role – this could be achieved by requiring the ESB to consult with the Reliability Panel on the development of any modelling, draft and final advice related to market settings under initial ToR provided to the ESB.

Consideration would also need to be given to how any recommended changes to market settings arising from an ESB-led process would be progressed/implemented. Given the ESB generally seeks endorsement from National Cabinet prior to submitting any rule change, there is a risk National Cabinet would become responsible for approving any changes to market settings, even in the event they do not endorse the implementation of a capacity market. This would undermine the independence of the current market setting process.

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

Yours Sincerely,



Steve Reid  
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