29 January 2026

Reliability Panel

Submitted online: www.aemc.gov.au

2026 Reliability Standard and Settings Review – Draft Report

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Reliability Panel's draft recommendations for the 2026 Reliability Standards and Settings Review (RSSR).

We broadly support the Panel's draft recommendations for the reliability standard and market settings to help align operational and investment decisions with the value consumers place on reliability in the National Electricity Market (NEM).

The following comments are intended to help the Panel finalise its advice on the appropriate reliability standard and settings for FY28 to FY32.

We support reviewing evidence of costs and consumer preferences to update the standard

The reliability standard must manage the tension between consumer reliability outcomes and the impact on consumer bills over time. The draft report draws on a range of evidence to assess this balance, including the impact historical reliability had on the quality of energy services experienced by consumers and the increasing costs of achieving the reliability standard. This includes analysis that supply disruptions were predominantly caused by network outages, rather than a lack of resource adequacy.

We accept that this analysis indicates that maintaining the current standard is likely to require an increase in the market settings so a reliability standard of 0.003% may be preferable. We recognise the importance of managing the impact on consumer bills of investing to ensure reliability in addition to replacing ageing infrastructure and decarbonising the grid. We recognise AEMO's concerns that historical tensions between consumer and jurisdictions may impact the application of this standard.[1] But we note they provided in-principle support for the NEM Review recommendations which are premised on the need for nationally consistent frameworks[2] and offer alternative mechanisms for each jurisdiction to transparently require (and potentially fund) a higher standard of reliability in its region, if required.[3]

We agree there is no material case to change the market settings at this time

The Panel should consider whether different market settings are required for a relaxed reliability standard or in response to expected market conditions. But the regulatory framework requires changes to only progress where there is clear evidence of material benefits under a broad range of scenarios. We consider it unlikely that any changes to the market price cap (MPC), cumulative price threshold (CPT), market floor price (MFP) or administered price cap (APC) could deliver benefits that would exceed the value of predictability and stability for the market at this stage.

[1] AEMO raised the tensions between consumer and jurisdictional expectations and experiences in its submission to the Panel's 2026 RSSR Issues Paper.
[2] As demonstrated through general support for the NEM Review in the ECMC December 2026 Communique.
[3] The NEM Review recommends jurisdictions inform analysis of the scale of firming required in its region, as well as allow for the creation of strategic reserves if required, with the cost of investment each published for transparency.

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The market is already facing material uncertainty given the pace and scale of policy, regulatory and technological changes recognised in the paper. The draft report clarifies that the NEM Review Expert Panel designed its recommendations to complement, rather than replace the reliability market settings. However, it also recognises material uncertainty is affecting the broader context, such as global supply chain delays and cost increases. Introducing further uncertainty by amending the market settings is likely to adversely impact the investment and operational decisions required to meet consumer needs as the grid transitions towards net zero by 2050.

Evolving market conditions may offset reliability risks from minimum system load

We do not support the proposal to apply the MFP when minimum system load level 3 (MSL3) has been declared in the NEM. We appreciate the clarification this is intended to manage potential risks to the reliable operation of the NEM, not system security. However, we remain unconvinced that further intervention is justified particularly given the potential for the sustained significant investment by the market and consumers in storage capacity to offset this risk. There is also a material risk that this proposal could deter this investment in storage which is critical to the transition by introducing further risk and undermining investor confidence.

Minimum system load may potentially present a risk to reliable operation of the grid when intermittent renewable generation increases supply at times that do not align with consumer needs. However, this disconnect creates the arbitrage opportunities incentivising material investment in storage. AEMO projects storage capacity will increase from 3 GW to 25 GW by 2030, with almost 30 GW of grid-scale battery capacity already progressing through various stages of the connection process and government programs driving strong consumer uptake.[4] This significant storage capacity may well offset risks to reliable operation of the grid.

Imposing negative prices will also most likely amplify arbitrage benefits for storage at the cost of consumers. Some market customers may benefit from being paid to consume through negative prices, but the cost of these payments will likely be priced into the retail offers for end users. Historically renewable generation has been able to offset negative prices with revenue from large scale generation certificates (LGCs) and less flexible thermal generation has been willing to pay to remain in the market. Any trade in the market involves a cost to someone so it will be important to consider who would pay $1,000/MWh to increase demand after LGCs cease in 2030 and less flexible coal generation exits.

There are also many other processes already seeking to manage issues associated with minimum system load with more targeted mechanisms. For example, the Clean Energy Council's minimum system load reserve service rule change request, the Consumer Energy Resources (CER) Roadmap to encourage and support greater orchestration of load and resources, and efforts to progress the NEM Review recommendations to ensure effective operation of the spot market. Our view is these targeted mechanisms will better meet the needs of consumers and complement existing mechanisms, such as Reliability and Emergency Reserve Trader.

If you wish to discuss any aspect of this submission further, please contact Clare Stark at clare.stark@originenergy.com.au or on 0458 286 194.

Yours Sincerely,

S Cole

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[4] AEMO, Draft 2026 Integrated System Plan, December 2025.