



5 February 2015

Mr. John Pierce
Commissioner
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

Dear Mr. Pierce

ERC0160 – Governance Arrangements and Implementation of the Reliability Standard and Settings

Origin Energy (Origin) supports the Australian Energy Market Commission's (AEMC) draft more preferable rule and considers that it should assist in the strengthening of the governance arrangements when determining the reliability standard and settings. Our specific comments on the various elements of the draft rule are as follows:

- **Reliability standard:** The incorporation of the reliability standard in the national electricity rules will allow for a consistent and predictable approach when considering changes to the suite of reliability parameters. Origin also supports the decision to not make any material changes to the form, level, or scope of the reliability standard.
- **Review of reliability parameters:** A requirement for a 4-yearly review of the reliability standard and settings strikes an appropriate balance in ensuring certainty for market participants (regarding the levels of these parameters), whilst providing a mechanism to test their suitability over time, particularly in response to any material changes in the market. We also strongly support the decision to capitalize on the expertise provided by the Reliability Panel by stipulating that they continue to take carriage of these 4-yearly reviews, with the option to submit a rule change to the AEMC if any changes are required. This split in responsibility between the Panel and the AEMC provides a crucial check and balance in ensuring the appropriateness of the reliability standard and settings.
- **Reliability guidelines:** Origin welcomes the decision to task the Reliability Panel with the development of guidelines setting out the principles and assumptions it will use in the review of the reliability standard and settings. This should provide greater clarity and transparency in the review process by reducing the ambiguity that has plagued some of the recent reviews.

If you wish to discuss any of these issues further please contact me on (02) 9503 5111 or at steve.reid@originenergy.com.au.

A handwritten signature in blue ink, appearing to read "Steve Reid".

Steve Reid
Manager Wholesale Regulatory Policy