

24 April 2007

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

By email: submissions@aemc.gov.au

Dear Dr Tamblyn,

ABOLISHMENT OF THE SNOWY REGION

We refer to the recent decision by the Australian Energy Market Commission (the "Commission") to extend the time period to August 2007 for making a Final Decision on the Abolishment of the Snowy Region proposal by Snowy Hydro ("Snowy Hydro proposal"). Origin is very concerned about the impact that this delay will have on Origin and its customers, and on the market as a whole and would welcome the opportunity to discuss our concerns.

Origin believes that a timely determination in relation to the Snowy Hydro proposal is now critical to the efficient operation of both the spot and contract markets. The importance of this matter was confirmed at the Industry Leaders Strategy Forum hosted by the AEMC in October 2006, and attended by a number of major stakeholders, at which the AEMC noted in its Summary of Discussion that "...there was general agreement among Forum participants that network congestion in the Snowy region is material and significant and needs to be addressed immediately."

This further delay in the decision making process is causing participants to withhold contract volume due to the extended regulatory uncertainty, and potentially delays future investment decisions evidentially contributing to higher contract prices. We expect that other retailers hold similar concerns and we do not consider this situation to be conducive to competition and economic efficiency in the NEM.

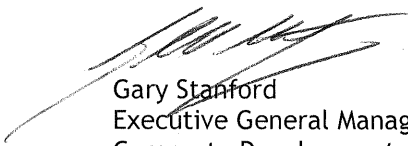
In our opinion, the Snowy Hydro proposal has undergone detailed quantitative and qualitative analysis, including comparison against key alternatives. Both Macquarie Generation's Split Region proposal and the Southern Generators' proposal for extending the current interim arrangements were dismissed by the Commission in the Draft Determination on the basis of sound economic and legal arguments. We consider that re-examining these options as new rule change proposals is unnecessary duplication and inappropriate use of the regulatory process.

Furthermore, if the intention is to link the Final Determination to outcomes of the Congestion Management Review and Regional Boundary Change Process Review, this

appears to negate the key reason for why the expedited Snowy Hydro rule change was initially proposed, and represents a significant departure from the Draft Determination.

We note that submissions in response to the Draft Decision on the Snowy Proposal are due on 30 April 2007 and I would ask that we meet prior to the date to discuss the matters raised in this letter or if not, as soon as possible after this date.

Yours faithfully



Gary Stanford
Executive General Manager
Corporate Development
02 8345 5105 - gary.stanford@originenergy.com.au