



21 April 2016

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

Submitted online: www.aemc.gov.au

Dear Mr Pierce

Energy Adequacy Assessment Projection timeframes – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Consultation Paper on Energy Adequacy Assessment Projection (EAAP) timeframes.

Origin agrees that the need for, and value of, quarterly EAAP reporting has diminished. As noted by the Australian Energy Market Operator (AEMO), mandatory quarterly reporting in the absence of an actual water shortage or other constraint is most likely to be achieved at a net cost to consumers. Notwithstanding emerging energy concerns relating to market conditions in South Australia and Tasmania, a more balanced approach that better reflects the costs of producing the EAAP and the overall value it provides is required.

It is recognised that some stakeholders may still see value in a centralised assessment of energy constraints that could impact energy availability. To this end, Origin agrees a more efficient and practical approach would be to reduce the EAAP reporting frequency from quarterly to annual and only require additional reporting under certain circumstances.

For this change to be meaningful, it will be important to avoid being overly prescriptive when characterising where additional reporting may be required. This is particularly relevant in the context of relying on explicit trigger events, as proposed by AEMO, which could lead to under/over reporting if poorly defined.

Given these risks, Origin is supportive of implementing the alternative solution outlined by the AEMC. Rather than relying on predefined trigger events, this approach would only require additional reporting when there is a material change in circumstances relative to the most recent EAAP, hence reducing the reporting burden for market participants and AEMO. This is consistent with the approach taken for other reporting mechanisms, including the Medium Term Projected Assessment of System Adequacy (MT PASA).

A key element of the alternative solution will be to outline the factors for considering additional EAAP reporting and the process for scheduled generators to update Generator Energy Limitation Framework (GELF) parameters. It is understood these elements would be developed separately by AEMO and stipulated in the EAAP Guidelines. Consultation with market participants will be critical in this regard and Origin looks forward to engaging in that process.

If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 02 9503 7366.

Yours Sincerely,

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

Steve Reid
Manager Wholesale Regulatory Policy