



24 January 2012

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

Submitted online: www.aemc.gov.au

Dear Mr Pierce

GRC0017 - PIPELINE OPERATOR COST RECOVERY PROCESSES - CONSULTATION PAPER

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) Consultation Paper in relation to changes to pipeline operator cost recovery processes in the Short Term Trading Market (STTM).

The Australian Energy Regulator's (AER's) Rule change proposal seeks to amend the cost recovery processes for pipeline operators who provide Market Operator Service (MOS) allocation services and Bulletin Board aggregation and information services. We understand the Rule change is motivated by issues that arose during the assessment process for 2010-11 MOS allocation service costs. It aims to prevent those issues from occurring in the future by improving the efficiency and operation of the assessment process.

Origin supports the Rule change proposal. From a trading participant's perspective, this Rule change improves the clarity and transparency of the cost recovery process. Consequently, this affords us greater confidence that the costs recovered by pipeline operators reflect the efficient costs of providing MOS allocation services.

One of Origin's key concerns with the current cost recovery process is that there is a limited requirement for pipeline operators to provide accompanying information to justify the level of MOS service costs claimed on invoices. This makes it difficult for participants to assess these invoices and raise objections, if necessary.

We, therefore, strongly support the proposed change to require that the evidence included with a pipeline operator's invoices provides this justification. We consider this can allow participants to engage more effectively in the cost recovery process from the onset.

Should you have any questions or wish to discuss this submission further, please contact me on (02) 9503 5500 or Lillian Patterson (Senior Regulatory Policy Analyst) on (02) 9503 5375.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Hannah Heath".

Hannah Heath
Manager, Wholesale Regulatory Policy
Energy Risk Management