



3 November 2010

John Pierce
Chairman
Australian Energy Market Commission
Level 5
201 Elizabeth Street
Sydney NSW 2000

Dear Mr Pierce,

GRC0003 - Dandenong Liquefied Natural Gas Storage Facility

Origin Energy Limited (Origin) welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC's) draft Rule determination on the operation of the Dandenong Liquefied Natural Gas (LNG) Storage Facility.

Origin supports the AEMC's draft Rule as it promotes competition in the Victorian Declared Wholesale Gas Market. Removing the constraints and restrictions imposed on the operation of the Dandenong LNG Storage Facility is likely to allow LNG storage providers the opportunity to offer a wider range of and greater flexibility around commercial services. This is likely to improve competition by providing market participants with more opportunity to use LNG reserves and manage their market risks. Greater competition can facilitate more efficient market outcomes, which benefits customers, without any adverse impact on the security of natural gas supply.

Historically, the Dandenong LNG Storage Facility has been considered important for system security. The Australian Energy Market Operator (AEMO) has been cautious about scheduling LNG because of the necessity to maintain LNG reserves for emergency purposes. In proposing this Rule change, AEMO has acknowledged that the Facility now has a reduced system security function given the introduction of several alternative gas supply sources in the region has diminished the importance of LNG for emergency management purposes. It is important that AEMO take this opportunity to fully recognise the commercial viability of LNG offers and schedule LNG accordingly. Appropriate scheduling of LNG can precipitate more certainty and flexibility for LNG storage providers and market participants alike and hence the above competition benefits can be realised.

If you have any questions or would like to discuss this submission further, please contact me on (02) 8345 5250 or Hannah Cole on (02) 8345 5500.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tim O'Grady".

Tim O'Grady
Head of Public Policy
Corporate Affairs

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