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Australian Energy Market Commission
GPO Box 2603
SYDNEY NSW 2001

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Review of the Gas Supply Guarantee

Origin welcomes the opportunity to comment on the Australian Energy Market Commission (AEMC) review of the Gas Supply Guarantee (Guarantee). Our views on key aspects of the Consultation Paper are provided below.

There is no need to extend the Guarantee beyond its expiry

Origin maintains that there is no need to extend the Guarantee beyond its current expiry date. We note the mechanism has never been utilised and that there is also no certainty it would be effective if it were ever called on. In our view, there are also many initiatives or market features that demonstrate the varied options available to gas generators in obtaining gas supply, which again reduces the need for the Guarantee.

The definition of shortfall

If the AEMC decides to extend the guarantee and also deem it necessary to change its scope, then Origin suggests altering the proposed definition to the following:

A shortfall in gas supply available to meet the fuel requirements for Gas Generators to operate at the capacity required during forecast low reserve condition (LRC), forecast or actual lack of reserve condition (LOR) occurring in the NEM, or to meet electricity demand in a part of a NEM region.

This better reflects the nature of an actual shortfall given that anytime a gas generator is running it is meeting some form of electricity demand. Origin accepts prescribing Low Reserve Condition (LRC) or Lack of Reserve Condition (LOR) as a viable measure of low reliability, however expansion to include meeting electricity demand is unnecessary and adds uncertainty.

The coordination of maintenance

Origin supports a coordinated approach to maintenance provided that the obligations do not outweigh the benefits. It is unclear if a blanket approach across the East Coast Gas Market is appropriate given that in some areas coordination may be unnecessary as there may only be one source of gas production or transportation.

If you wish to discuss any aspects of this submission further, please contact Tom Strokon at Thomas.Strokon@originenergy.com.au or on 0436 673 335.

Yours Sincerely,



Steve Reid
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