



20 May 2021

Anna Collyer  
Chair Australian Energy Market Commission

Lodged online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Ms Collyer

### **AEMC: DRAFT DETERMINATION ON SETTLEMENT UNDER LOW DEMAND CONDITIONS**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments to the rule change proposals submitted by the Australian Energy Market Operator (AEMO) and Infigen Energy on the arrangement for settlement as aggregate demand approaches zero.

Origin agrees that this is an urgent issue that needs to be resolved quickly to ensure settlement is not attempted with zero-aggregate demand. We note that both proposed solutions could ultimately prove to be distortionary and therefore should be used only as temporary measures. Given this, Origin supports the AEMC considering a longer-term solution for the treatment of negative loads as part of its ongoing assessment of the integrating energy storage into the NEM rule change.

We agree with aspects of both rule change proposals. We support the proposal from Infigen to floor individual market customers' adjusted gross energy at 0MWh when determining their non-energy obligations in settlement. This change will help minimise the probability of the overall aggregate demand value approaching 0MWh. It will also reduce the occurrences of inefficient transfer payments from market customers with positive demand to those with negative demand.

In addition, we also agree with AEMO's suggestion to use the average of historical aggregate demand where demand reaches a predetermined lower limit. If this method is used, then the threshold for substitution should be when aggregate demand reaches 1MWh and not 150MWh (as proposed by Infigen in their recommended changes to AEMO's rule change). As substituting historical aggregate demand is a distortion to the settlement of the market, the lowest possible threshold should be used to minimise the number of times the substitution is needed.

Should you have any questions or wish to discuss this submission further, please contact Alex Fattal via email at [alex.fattal@originenergy.com.au](mailto:alex.fattal@originenergy.com.au) or phone, on (02) 9375 5640.

Yours sincerely

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

Steve Reid  
Group Manager, Regulatory Policy