



17 June 2021

Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
Sydney NSW 1235

Lodged via AEMC website: www.aemc.gov.au

Dear Ms Collyer,

Origin welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) draft determination on the Efficient Management of System Strength on the Power System. Origin is largely supportive of the draft determination as it provides an important step towards valuing system strength and ensuring security in the NEM. This is achieved by a framework that centrally procures an efficient level of system strength while still allowing connecting parties to undertake their own remedial actions if it is more cost effective to do so.

Efficient Levels of System Strength

Origin is supportive of the framework procuring efficient levels because it will improve Inverter-Based Resource (IBR) connections by providing clarity of their system strength costs, and assurances that they will not be constrained off in normal market operations. This will assist in the management of system security by the Australian Energy Market Operator (AEMO) in operational timeframes, by minimising the use of interventions to mitigate system strength issues.

The new framework requires System Strength Service Providers (SSS Providers) to assume that system strength will not be provided for free as a by-product of existing facilities. This will allow system strength to be contracted from existing resources at efficient levels. This is an important step in ensuring that existing facilities are paid for the service they provide. Origin notes a concern has been that this may serve as a capacity payment for existing generation, however, the payments will likely be small in areas where the service is abundant. Contrastingly where the service is in short supply, system strength costs will service as an important scarcity pricing signal.

Transparent Procurement Process

Origin is supportive of a centrally managed framework that efficiently values system strength. To ensure that all investment options are considered, it is important that the analysis is impartial and transparent. The draft rules require the SSS Provider and AEMO to take reasonable steps to consult with each other regarding non-network solutions. To strengthen this requirement the AEMC should stipulate that the SSS Provider must have regard to any AEMO system strength modelling. This will allow any cost benefit analysis of network and non-network solutions to be valued on the same basis.

Timing Risk

To reduce the risk of over or under procuring system strength, the AEMC should weigh up the value of reducing the time the SSS Provider has to meet the AEMO forecast. Forecast accuracy will improve closer to real-time. If there are material differences between the volumes forecasted by AEMO 3 years

out and the demand for the service in real-time, this could result in connection delays and system security issues.

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,

A handwritten signature in blue ink, appearing to be 'Steve Reid', with a stylized, sweeping line.

Steve Reid
Origin Energy
Group Manager Regulatory Policy