



19 January 2024

Mr Mark Feather
General Manager,
Strategic Energy Policy and Energy System Innovation
Australian Energy Regulator

By email: AERinquiry@aer.gov.au

Dear Mr Feather,

RE: Submission on the AER's draft interim export limit guidance note

Origin Energy appreciates the opportunity to provide a submission in response to the Australian Energy Regulator's (AER) interim draft export limit guidance note. Origin does not object to export limits in principle but is concerned about the mechanism through which this proposal would operate.

We are concerned that the interim guidance is intended to circumvent issues a network business may be facing in the current context while a rule change request is determined by the AEMC's processes, and any rule change come into effect. The guidance contains an assumption that the rule change proposed is a *fait accompli*. Within the regulatory framework designed to ensure that market change is only undertaken when it is the most efficient approach to mitigating a market problem, this appears contradictory.

To support emerging products and services it is essential that effective consumer protections exist. When making regulatory change we also believe it is essential that the AER preserve the core regulatory principles of consistency, flexibility, and predictability.

These principles need to be considered as a 'package', as there must be a degree of balancing some of the principles against others. For example, the principle of flexibility (adapting regulatory approaches and tools over time and to suit circumstances) could be seen as contrary to the principles of consistency and predictability.

This balancing is challenging for products and services that are still evolving. Products and services which relate to consumer export are certainly in this category, with different providers coming up with different offerings, all of which rely on the customer being able to recoup their purchase costs through offset of their bills. Direct action by network businesses to limit the export of customer energy resources (CER) directly undermines these products and extends the time over which a consumer may recoup their investment, making the proposition less appealing.

Additionally, a narrow approach such as that proposed is likely to deepen the divide in outcomes provided by the market for low income or otherwise disadvantaged customers, irrespective of whether principles which seek to avoid this are included. In practice, those who had the capacity to install generation or storage capacity are provided a benefit, whereas those who did or could not, will experience greater difficulty in installing CER. The payback period once installed is, additionally, likely to be longer.

We are concerned that the interim guidance is intended to circumvent the rule change process, by creating a framework to support export limits without the requirement to test that framework for necessity or efficiency, and without a proper data-supported demonstration of the specific problems faced by network businesses. We consider that areas that are constrained ought to be clearly identified by network business and published to allow for the market to articulate to customers more clearly what the benefit or barrier to CER may be to their specific location.

Origin is supportive of the concept of dynamic limits on export but does not consider it is appropriate that these be led by distribution businesses. Instead, we believe this ought to be market led. This is because retail providers are required to balance all the needs of each of the market pillars: wholesale, network, and customer. Network businesses are largely only obliged to consider their own needs, and as such would be unlikely to deliver an efficient outcome for each of these market pillars.

We agree that what is lacking for CER is a consistent approach to the management of CER discharge or export into the energy grid. We disagree that the mitigation for this is the blunt tool of export limits. Instead, we consider that the market would be better served by something additional to the basic protections of the Australian Consumer Law as it relates to the purchase and utilisation of CER. The most appropriate tool would seem to be the development of an enforceable national standard for the management of CER, and the development of a specific, rigorous, nationally consistent approach to managing the challenges of CER is increasingly necessary.

If you have any questions regarding this submission, please contact Courtney Markham in the first instance on [REDACTED] or at [REDACTED].

Yours sincerely

[REDACTED]

Matthew Kaspura
Manager Green and Future Energy Policy
Origin Energy Limited

[REDACTED]