



20 September 2012

Chris Pattas
General Manager, Network Operations and Development
Australian Energy Regulator
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Dear Chris

Origin Submission: AER Position Paper Electricity Distribution Ring-fencing Guidelines.

Origin Energy Limited (Origin) welcomes the opportunity to make a submission on the recently released Position Paper Electricity Distribution Ring-fencing Guidelines.

The Australian Energy Regulator (AER) has recommended the introduction of a national ring-fencing guideline to apply to electricity distributors in the national electricity market and Origin confirms its support for this approach. As mentioned in our submission to the discussion paper on this matter there is a need to review existing jurisdictional ring-fencing guidelines which have remained unchanged, in the main, for more than ten years despite significant change in the industry structure.

Origin is of the view that distribution ring fencing needs to be applied rigorously in order to preserve competition in this ever changing energy market. The barriers between natural monopoly distribution activities and contestable aspects of the market are blurred with the advent of new technologies in smart metering, electric vehicles, demand management and embedded generation. Electricity distributors hold an enviable position in the market with prime access to data and oversight of many functions and touch points with customer infrastructure. Therefore as a general principle Origin believes that complete legal and physical ring-fencing should apply to distributors for any activities that can be delivered by competitive tendering. However, maintaining the ability for the AER to waiver ring-fencing obligations, in special circumstances, will support market and technology advancement, should market failure temporarily exist.

Origin looks forward to providing comments to the draft distribution ring-fencing guideline when it is published in November 2012 and please do not hesitate to contact me on 03 9652 5880 if further information is required.

Yours sincerely

[Signed]

Randall Brown
Energy Relationships Manager