



18 April 2019

Australian Energy Regulator

Submitted by email: RRO@aer.gov.au

Dear Sir/Madam,

For consultation – Draft Interim Reliability Instrument Guideline

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on this first draft Guideline for the Retailer Reliability Obligation (RRO).

RRO Guidelines package

Origin strongly recommends that the full package of interim guidelines for the RRO be ready by the intended scheme start of 1 July 2019. In our recent submission to the draft Rules for the RRO we stated that we generally support the legislative structure of the scheme which includes a package of changes to the National Electricity Law, Rules and associated guidelines. We were disappointed that the full package of guidelines was not available at the time of that consultation. This includes details on fundamental issues such as forecasting and qualifying contracts. Without this information it is difficult for industry to comment on the how the scheme may work as a whole.

Whilst we are pleased that the AER is moving quickly by releasing this first set of guidelines for consultation, we would reiterate our support for the full set of interim guidelines to be available as soon as possible. Potentially liable parties under the RRO may be placed in an awkward position if the scheme commences on 1 July 2019 but material details remain unclear.

Part of our concern is driven by the particular provisions that are proposed for South Australia which allow the South Australian Minister to potentially truncate a T-3 notice and provide only 15 months' notice. Origin does not support this modification to the RRO as it significantly reduces the notice period available to the market. This may flow through to unintended consequences including increased costs to customers.

Draft Interim Reliability Instrument Guideline

The specific issue we wish to highlight with these draft guidelines concerns the test of a "material gap". In our submission to the RRO draft Rules we stated that the definition should include a buffer to ensure any forecast of the reliability gap is indeed material. We believe this issue has become more important

now that the AER's review of any AEMO recommendation to trigger a T-3/T-1 notice will be limited to matters of process only.

We support the current Reliability Standard being used as the basis for any gap period. We understand that the ESB has chosen a definition of material gap based simply on Unserved Energy (USE) which was Option A from the consultation papers in late 2018. Whilst we understand why the ESB has chosen this simple approach we believe that some form of buffer should be built into the test so that any gap is truly "material". For example, a buffer of at least 50-100 MW, depending on the region. This is especially important in the first year of the scheme when the forecasting guidelines will not yet be available.

Therefore, we believe it is prudent for some form of discretion to be allowed for the AER to refuse an AEMO recommendation to trigger a T-3/T-1 period where any forecast breach of the USE is trivial or within the margin of error of the forecasting process.

We are members of the Australian Energy Council and support their submission on this point.

If you wish to discuss any aspect of this submission further, please contact Matthew Kaspura at matthew.kaspura@originenergy.com.au or on 02 9503 5178.

Yours sincerely,



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