



20 May 2022

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
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Canberra, ACT, 2601

Email: AERresets2024-29@aer.gov.au.

Dear Dr Funston,

RE: 'Framework and approach for NSW, ACT, TAS & NT: Preliminary positions paper'

Origin Energy (Origin) appreciates the opportunity to provide a submission in response to the Australian Energy Regulator's (AER) 'Framework and approach for NSW, ACT, TAS & NT: Preliminary positions paper' (F&A).

The AER's preliminary position (the preliminary position paper) notes that the F&A is being provided at a time of transition in the energy sector with the rise in new technologies and DER. In this context, Distribution Network Service Providers have proposed refinements and additions to existing service classifications.

In a number of instances, the AER considers that proposed services are either inputs into an existing service or are already incorporated under an existing service (eg common distribution service) and therefore do not require separate classification. The AER also suggests that the treatment of services such as the leasing of excess battery capacity have already been dealt with through the Ring-fencing Guideline and do not require classification. We are largely supportive of the AER's proposed treatment of services.

Origin's response to select issues is provided below.

Is the provision of temporary SAPS more appropriate as an input to the common distribution service, and therefore need not be classified as a separate activity?

We agree that the provision of temporary SAPS is likely to be related to repairing, maintaining or operating the network and is therefore an input to the common distribution service with no separate classification required.

Do stakeholders consider that the classification of the leasing of excess battery capacity has already been dealt through the Ring-fencing Guideline? If not, please provide reasons.

We agree that the treatment of the leasing of excess battery capacity has been addressed through the AER's Ring-fencing Guideline and that no service classification is therefore required.

Should costs for the facilitation work to provide the unregulated battery leasing service be recovered from customers as a standard control service, if the full cost of the assets used to deliver those services are not part of the RAB?

Given that the costs of the battery assets are to be allocated part to standard control services and the remainder to providing unregulated distribution services, costs associated with unregulated battery leasing should not be recovered from standard control service customers. Rather, these costs form part of the unregulated service. The shared asset rules are quite specific and only apply to assets that were

acquired for regulated purposes but where an excess portion is subsequently used to derive unregulated revenue. As noted by the AER, only those assets that are fully attributed to the RAB can be treated as shared assets, where a portion of the revenue and costs is shared with customers. The AER clarified the application of the shared asset rules in its review of the Ring-fencing Guideline.

Are export services simply part of a distributor's normal network planning and operation? Or is there a need for export services to be recognised as a stand-alone activity within the common distribution service? Please provide reasons.

We consider that the recent Rule amendment to remove any "directional-specific" references suggests that export services are to be treated as a normal part of a distributor's operation rather than a separately identified service. It is unclear that there is a benefit in separately identifying export services within the common distribution service.

What do stakeholders consider to be the scope of the export services provided as part of the common distribution service?

Should there be any limit on the export services to be delivered under the common distribution service?

We consider that the common distribution service should incorporate the basic export level, with any additional export services where the costs can be directly attributed to an individual customer, classified as an ASC service.

Provider of last resort for embedded networks - Is there a 'market' presence for alternative embedded network operators who could potentially fulfil this role?

We agree that it is not necessary for provider of last resort for embedded networks to be classified as a separate service. There are other existing or new embedded network operators who could potentially fulfil this role.

Quoted services - We seek stakeholder feedback on the benefits of this approach and our proposal to apply it to all distributors.

We support the AER's proposal to standardise the approach to quoted services and introduce greater transparency by requiring distributors to provide itemised quotes to the customer. It is critical that customers are able to understand how the price for quoted services is determined and the component rates. Increased standardisation and transparency allows stakeholders to compare price offerings across providers and over time and introduces a discipline on distributors to ensure that prices for quotes services (and the component prices) are consistent between distributors and over time.

If you have any questions regarding this submission, please contact Gary Davies in the first instance at

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Yours sincerely

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Sean Greenup
Group Manager Regulatory Policy