



27 May 2011

General Manager  
Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

### **DRAFT RETAILER AUTHORISATION GUIDELINE**

Origin Energy Retail Limited (Origin) welcomes this opportunity to respond to the Australian Energy Regulator's (the AER's) Draft Retailer Authorisation Guideline ("the Guideline").

This submission follows our earlier submissions on the November 2010 consultation paper and draft guideline and the March 2010 issues paper and draft guideline.

Origin is generally supportive of the draft guideline published by the AER on 3 May 2011. The process for consultation and opportunity for stakeholders to provide feedback has been comprehensive and has been welcomed for this important instrument.

With regard to a requirement for a new entrant to demonstrate knowledge of the retailer of last resort (RoLR) scheme, Origin understands that the AER believes this will be managed by an applicant's risk management strategy and policies. Origin was raising this issue in the context of protecting the integrity of the market. We acknowledge the AER will undertake its assessments at the time of application, but would seek to emphasise that new applicants for authorisations have more than passing regard to the consequences of unplanned exit from the market and the impact that this has upon their customers and market participants.

The authorisation process has a role to play in this by providing the AER with the necessary comfort that financial risk management and hedging strategies in particular are robust enough to minimise the risk of unplanned exit of the applicant from the market.

In summary, Origin believes the current draft guideline meets the objective required of it in the national framework. We have no further material comments on it other than our discussion of RoLR above. Should you wish to discuss this response further please contact me on (03) 8665 7712.

Regards

[SIGNED]

David Calder  
Regulatory Strategy Manager  
Retail  
(03) 8665 7712- David.Calder@Originenergy.com.au