



21 May 2018

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

Dear Mr Pierce

Participant compensation following market suspension – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Consultation Paper on Participant Compensation following Market Suspension.

Origin is broadly supportive of the overarching intent of the rule change proposal, which is principally intended to ensure wholesale market participants continue to face incentives to supply energy and ancillary services during periods where the market suspension pricing schedule (MSPS) applies. As noted in the consultation paper, under the current framework the application of the MSPS overrides normal dispatch/pricing processes, which can potentially lead to inefficient market outcomes.

In Origin's view, the provision of a more accurate price signal that better reflects conditions at the time of market suspension would better address this issue. The AEMC's recent rule change determination that allows AEMO to resume central dispatch and the determination of dispatch/ancillary service prices as soon as practicable is a positive development in this regard. But there may still be merit in considering whether further changes to MSPS price setting arrangements are required.

To the extent such a change is not achievable due to the unique circumstances that may lead to market suspension, the application of a compensation framework may have merit. But it is difficult at this stage to determine whether the proposed framework, which would essentially mirror that applicable during administered price periods (APP), would be effective. As noted in the consultation paper, relativities between the proposed framework and the existing directions framework will need to be carefully considered, including with respect to the level of administrative burden and amount of compensation that could potentially be recovered. While these relativities are also relevant in the context of the APP compensation mechanism and directions framework, any differences are likely to be less problematic, since dispatch/pricing still occurs through normal process during APP and there is likely to be less reliance on the need for compensation.

Origin is supportive of the overarching assessment framework proposed by the AEMC and looks forward to further consideration of the above issues. If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

A handwritten signature in blue ink, consisting of a series of connected loops and a vertical stroke at the end, resembling the name 'Steve Reid'.

Steve Reid
Group Manager, Regulatory Policy