



26 September 2019

John Pierce
Chairman
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Mr Pierce

AEMC: DRAFT DETERMINATION ON THE THRESHOLD FOR PARTICIPANT COMPENSATION FOLLOWING MARKET INTERVENTION RULE CHANGE

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the AEMC's draft determination.

We support the AEMC's decision to apply the compensation threshold for directed participants on a per direction basis, rather than for each trading interval. As explained in the draft determination, the threshold was introduced to minimise the administrative burden on AEMO processing compensation claims of relatively low value. The draft rule appropriately recognises that a direction that a direction over an extended period can result in a cumulative impact on generators that exceeds this administrative cost.

We do not support the draft decision for the continued application of the compensation threshold on a trading interval basis for affected participants. There is no demonstrated difference between the administrative costs to determine compensation amounts for directed and affected participants. As reducing AEMO's costs is the policy reason for the threshold, then the threshold should be applied identically to directed and affected participants. Additionally, the introduction of 5-minute settlement will shorten the duration of a trading interval. This will mean that the compensation threshold for affected participants will only be reached in extreme circumstances.

Alongside this draft determination, the AEMC has made recommendations for future rule changes to narrow the definition of affected participants. To ensure adequate consultation and due process the AEMC should first embark on the rule change processes before making any significant changes relating to the treatment of affected participants.

Should you have any questions or wish to discuss this submission further, please contact Alex Fattal via email alex.fattal@originenergy.com.au or phone, on (02) 9375 5640.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Steve Reid".

Steve Reid
Group Manager, Regulatory Policy