



5 November 2020

Merryn York  
Chair  
Australian Energy Market Commission

Lodged online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Ms York

**AEMC: DRAFT DETERMINATION ON COMPENSATION FOLLOWING DIRECTION FOR OTHER SERVICES**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the draft determination on the rule change relating to compensation after a direction for a non-market service.

As a general principle, we consider that a generator should not face the risk of being made materially worse off because it has complied with a direction. There is no clear justification for the compensation mechanism in the draft rule differentiating between whether a generator has or hasn't provided a service.

A generator that reduces its output due to a direction is required to operate differently to its preferred market position. Opportunity costs from such a direction can be considerable if the generator is unable to defend a contracted position, particularly at a time of high prices.

Origin considers that all generators that are directed should receive fair compensation through the process set out in the draft rule. This should account for both the direct and indirect costs that are incurred when following a direction.

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

Yours sincerely

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

Steve Reid  
Group Manager, Regulatory Policy