

19 January 2023



Reliability Panel
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online at: aemc@aemc.gov.au

Dear Reliability Panel,

Review of the form of the reliability standard and Administered Price Cap – Directions Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Review of the form of the reliability unserved energy standard and Administered Price Cap (APC) Directions Paper. Our views on key aspects of the paper are discussed below.

1. Unserved Energy (USE) modelling and analysis

A key objective of the Directions Paper is to seek feedback on the initial modelling undertaken to understand the changing nature of reliability risks and USE events in the National Electricity Market (NEM), which will then inform a subsequent assessment of the suitability of the form of the reliability standard. While the modelling outcomes appear reasonable, it would be beneficial to provide further clarity around a number of key inputs as part of the next iteration of work to allow for a more detailed assessment, particularly in relation to:

- The algorithm used to describe the 'perfect foresight' of battery discharge; and
- Whether / how the modelling has accounted for the influence and interaction of variables such as declining reliability of thermal generation, the performance of older first-generation solar and wind farms over time, weather-related derating of transmission, and increasing Consumer Energy Resources (CER) uptake.

2. Form of the Administered Price Cap

Origin is supportive of reviewing / setting the APC in four yearly cycles and indexing by the consumer price index (CPI) annually. We also consider the APC should be rounded to an appropriate value (e.g. the nearest \$25/MWh) for simplicity, with updated annual values for the forthcoming financial year to be published by 28 February each year to ensure market participants have sufficient time to account for the change. This is generally consistent with the approach applied for reviewing / setting the Market Price Cap (MPC) and Cumulative Price Threshold (CPT) and will assist with ensuring market settings remain fit-for-purpose and drive effective, efficient, and predictable market participant behaviour.

If you wish to discuss any aspect of this submission further, please contact Liz Robertson at Elizabeth.Robertson@originenergy.com.au.

Yours Sincerely,

A handwritten signature in black ink that reads "S Cole".

Shaun Cole
Group Manager, Regulatory Policy