



20 December 2024

Australian Energy Market Commission

Submitted online: <https://www.aemc.gov.au/contact-us/lodge-submission>

## **South Australian jurisdictional derogation (Interim Reliability Reserve eligibility) – Consultation Paper**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) consultation on the South Australian jurisdictional derogation – Interim reliability reserve (IRR) eligibility.

Origin acknowledges the identified reliability concern underpinning the proposal and supports the reliability and emergency reserve trader (RERT) / IRR framework's objective of safeguarding against supply shortfalls in line with the broader National Electricity Market (NEM) reliability settings. Achieving this objective is challenging given the need to balance the benefits of reliability with overall costs to consumers. To this end, we remain of the view that the existing prohibition on the Australian Energy Market Operator (AEMO) contracting with a generator to provide emergency reserves if it has been available for dispatch within the last 12-months to be an important element of the framework. As noted by the AEMC, these provisions were put in place to minimise the costs of meeting reliability for consumers while reducing the incentives for market participants to switch between markets.<sup>1</sup>

The AEMC has also previously noted that until their classification is terminated, generators are expected to comply with relevant generator performance standards, regardless of their availability.<sup>2</sup> Further, AEMO can direct plant that remains in-market to generate if necessary to do so to maintain or re-establish the power system to a secure operating state, a satisfactory operating state, or a reliable operating state.<sup>3</sup> This was a key reason for not capturing mothballing / temporary shutdown decisions under the notice of closure framework and would seemingly provide an alternate solution to addressing the identified reliability concern that should be considered by the AEMC.

Noting the above, should the AEMC determine that the proposed derogation is necessary / appropriate, we agree it should only apply on a temporary basis. While not a relevant consideration for the AEMC as part of this process, the current situation also highlights the importance of ensuring dispatchable capacity is adequately valued under the NEM framework as the market transitions.

If you wish to discuss any aspect of this submission further, please contact Liz Robertson at [Elizabeth.Robertson@originenergy.com.au](mailto:Elizabeth.Robertson@originenergy.com.au).

Yours Sincerely,

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

Shaun Cole  
Group Manager, Regulatory Policy

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<sup>1</sup> AEMC, 'South Australian jurisdictional derogation (Interim reliability reserve eligibility) – Consultation Paper', 28 November 2024, pg. 10.

<sup>2</sup> AEMC, 'Generator three-year notice of closure – Final Determination', 8 November 2018, pg. 27.

<sup>3</sup> Ibid.