



17 June 2010

Mr John Pierce
Australian Energy Market Commission
Level 5
201 Elizabeth Street
Sydney NSW 2000

Dear Mr Pierce

ERC0098 - PUBLICATION OF A CO₂ EQUIVALENT INTENSITY INDEX FOR THE NEM

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) draft Rule determination on this Rule change proposal from the Australian Energy Market Operator (AEMO).

Origin supports the AEMC's draft decision to require AEMO to publish a carbon dioxide equivalent (CO₂-e) intensity index of the National Electricity Market (NEM). This index will provide certainty in the financial markets going forward by providing a reliable reference point for calculating carbon costs.

We find the draft Rule strikes an appropriate balance between setting the high level principles and index objectives in the Rules while leaving the methodology to subordinate guidelines, to be developed and amended with active stakeholder engagement. Importantly, the draft Rule also promotes the use of accurate and quality data sources. This includes identifying actions for AEMO to take to preserve the integrity of the index without releasing confidential information.

Origin is particularly encouraged to see that AEMO will need to have regard to the guidelines used to develop emissions intensity factors under the Australian Government's National Greenhouse and Energy Reporting System framework. As set out in our earlier submission, we consider it essential to maintain national consistency in this area.

While Origin would like to see an index published as soon as possible, we appreciate it will take time to develop, consult and publish the first CO₂-e Intensity Index and its methodology and procedures. In light of the delayed start to the Carbon Pollution Reduction Scheme (CPRS), twelve months should ensure that AEMO publishes the initial Intensity Index prior to the commencement of a CPRS (or similar scheme).

If you have any question or would like to discuss this submission please call me on (02) 8345 5250 or Hannah Cole on (02) 8345 5500.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tim O'Grady".

Tim O'Grady
Head of Public Policy
Corporate Affairs