



9 February 2011

Mr Neville Henderson
Chairman - Reliability Panel
Australian Energy Market Commission
PO Box A2449
South Sydney NSW 1235

Dear Mr Henderson

REL0041: Review of the Reliability and Emergency Reserve Trader (RERT)

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Draft Report on the Reliability Panel's review of the RERT mechanism.

Origin has consistently maintained that the RERT is not required because the National Electricity Market (NEM) has and continues to deliver high levels of reliability. The RERT is also a market distortion that deters investment and retards the development of demand side participation. We appreciate that the Reliability Panel has reached a similar conclusion and hence recommends that the RERT expire on 30 June 2013.

Origin supports the recommendation that the RERT expire permanently. However, we do not support the extension of the RERT for an additional year from its current expiration date of 30 June 2012. We do not consider the Reliability Panel's explanation that the extension is necessary to allow for the completion of demand side participation reviews currently underway is justified. We consider that the RERT impedes the development of demand side participation in the NEM to the extent that it provides participants with incentives to by-pass the main market in favour of the RERT sub-market. Extending the RERT by an additional year is counter to what the current reviews are intended to achieve. The RERT should be removed prior to the completion of the reviews so that they can consider and make recommendations on a framework absent of this market distortion.

Origin also supports the Reliability Panel's recommendation to progress a Rule change to remove the requirement for the Reliability Panel to review the RERT. We recommend that the Rule change process be initiated as soon as practicable as the review requirement will be redundant once the RERT expires.

If you have any questions or would like to discuss this submission further, 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