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Dr John Tamblyn
Australian Energy Market Commission
PO Box H166
Australia Square
SYDNEY NSW 1215

Dear Dr Tamblyn

OBLIGATIONS OF NETWORK SERVICE PROVIDERS - CONNECTION APPLICATIONS

Origin Energy would like to take the opportunity to comment on the application for the making of a rule by Energy Solutions Australia Pty Ltd. The proposed rule concerns contestable network services relating to connection applications and the information provision obligations on regulated Network Service Providers (NSPs).

As the owner of several power stations, Origin has considerable experience in negotiating the connection of generation assets. Origin is also currently developing two proposals for major gas-fired power stations at Spring Gully (Qld) and Mortlake (Vic).

Origin has had a range of experiences in negotiating the connection of generation assets with regulated NSPs. While generally satisfactory, there has occasionally been difficulty in reaching an agreement on the price and terms of connection. The negotiation process can be somewhat 'one-sided' since there is generally no alternative service provider to obtain an offer from. From a developer's point of view, greater competition in the provision of contestable network services would therefore be desirable.

Origin is supportive of Energy Solution's proposal insofar that it is designed to create a more level playing field for the provision of contestable network services. We agree that there is currently an information asymmetry that makes it more difficult for new entrants to make contact with potential connection applicants compared with incumbents.

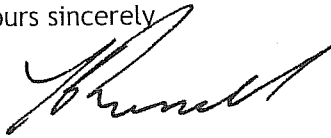
However, the AEMC may also wish to consider whether there is simpler solution that is less onerous on the incumbent NSP and would thus be more practical and acceptable to all parties.

The Rules already require the NSP to advise the connection applicant whether any services it proposes to provide are contestable. Provided that this occurs, the connection applicant then has a natural incentive to seek out any alternative service provider in order to obtain a better deal. The key issue is therefore whether the applicant can easily identify and contact the alternative service providers. It may be possible to achieve this relatively easily, for example, by maintaining an up-to-date web-based register of contestable service providers along with a mailing list for interested investors.

Origin therefore supports the making of this Rule, but suggests that a broader consideration of the issues may be warranted, including any possible alternative solutions.

If you would like to discuss this matter further, please contact Mr Con Van Kemenade, Regulatory Strategy Manager, on (02) 8345 5278.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Russell', written in a cursive style.

Kyle Russell
National Manager, Generation Development