



11 October 2012

Mr John Pierce
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

Dear Mr Pierce

GRC0016 - Short Term Trading Market (STTM) Market Operator Services (MOS) timing and eligibility Rule change

Origin Energy (Origin) appreciates the opportunity to comment on the Australian Energy Market Operator's (AEMO's) Rule change request in relation to time of, and eligibility to provide, MOS in the STTM.

Reduced MOS period and extended eligibility to provide MOS

While Origin supports, in principle, changes to reduce the current MOS period, it considers that an automated MOS submission and feedback process is a necessary prerequisite to any such change. This is because a more frequent MOS submission process brings greater risk of error, which creates a risk of substantial financial loss for market participants. We understand AEMO intends to introduce an automated process. It is important that this automated process is developed and participants have sufficient time to test it before a reduced MOS period becomes effective.

In relation to broadening the eligibility to supply MOS, this change will entail a complex and costly process. However, it is not clear that it will generate an increased availability of MOS supply. Origin therefore recommends the Australian Energy Market Commission (AEMC) consider the net market benefits of this proposal, specifically whether the suggested liquidity benefits outweigh the complexity to implement the change.

AEMO's STTM Procedures

The proposed Rule change would give effect to the above proposal by relocating the provisions relating to the MOS timing requirements from the National Gas Rules (NGR) into the STTM Procedures. Broadly, Origin supports a regulatory framework where the NGR sets out the high-level policy principles and guidelines while the Procedures specify the underlying details to support those policies. As such, we agree that the MOS timing requirements should be outlined in AEMO's STTM Procedures.

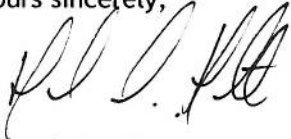
It is important that there is a balance between what is in the NGR and the Procedures. At this stage, however, it is not clear whether the proposed Rule change achieves this as AEMO has not commenced its Procedure change consultation process. Origin considers it appropriate that participants be given adequate opportunity to assess and provide any necessary feedback on AEMO's proposed Procedure changes before a Rule change is finalised. In order for this to occur, we recommend that the AEMC and AEMO overlap their respective consultations. As a minimum, participants should be able to assess the Procedures prior to the close of submissions to the AEMC's Draft Determination. This would afford them the opportunity to confirm there is an appropriate balance of

prescription in the NGR around the Procedures and if this is considered deficient, to respond to the Rules consultation process accordingly.

Further Information

Should you have any questions or wish to discuss this information further, please contact me on (02) 9503 5500 or hannah.heath@originenergy.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H. Heath', written over a faint, illegible background.

Hannah Heath
Manager, Wholesale Regulatory Policy
Energy Risk Management