



27 October 2015

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted online: www.aemc.gov.au

ERC0187 – Compliance with dispatch instructions

Origin Energy (Origin) appreciates the opportunity to provide comments to the Australian Energy Market Commission (Commission) Consultation Paper on compliance with dispatch instructions.

Origin agrees with the rule change proponent that exact compliance with dispatch instructions in every dispatch interval is physically impossible. We note that this was acknowledged in the Australian Energy Regulator's (AER) 2006 compliance bulletin which states that:

Accordingly, the AER does not intend to pursue a breach of clause 4.9.8(a) with respect to minor departures from dispatch instructions that occur despite the best endeavours of a Registered Participant to comply¹.

Notwithstanding the above, however, the current Rules require strict compliance with dispatch instructions (except for where there is a risk to public safety or damaging equipment). Origin therefore agrees that clause 4.9.8(a) could be clarified to better reflect the physical realities of complying with dispatch instructions. Such a change is unlikely to constitute a material departure from the current compliance approach, but rather assist in ensuring greater alignment between the AER's compliance bulletin and the Rules. This should be a primary consideration in assessing the proposed Rule.

Origin does not consider that AEMO's non-conformance process is an appropriate means of determining compliance with clause 4.9.8(a) as suggested in the Rule change proposal. The purpose of the non-conformance process is for AEMO to align price with dispatch to help ensure productive and allocative efficient market outcomes. It is possible that a plant could be found to be non-conforming even where it has used its best endeavours to comply with dispatch instructions. Similarly, not being classified as non-conforming does not automatically mean that a participant is using its best endeavours to comply with dispatch instructions.

If you wish to discuss this information further, please contact me on (02) 9503 5111 or at steve.reid@originenergy.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Steve Reid".

Steve Reid
Manager, Wholesale Regulatory Policy
Energy Risk Management

¹ AER 2006, Compliance Bulletin No 1, Complying with dispatch instructions