



17 December 2020

Merryn York
Acting Chair
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Ms York,

AEMC: GENERATOR REGISTRATIONS AND CONNECTIONS – CONSULTATION PAPER

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback to the AEMC on the consultation paper for the generator registrations and connections rule changes.

The rapid pace of change in the energy sector warrants a review of how smaller generators participate in the NEM, consistent with the progressive move to a two-sided market. We consider that the AEMC should first determine the extent of the impact non-scheduled generation has on the market to inform any changes to the scheduling threshold, while broader changes to scheduling obligations should be progressed through the two-sided market work. We support the AEC's proposed changes to the exemption framework as they would promote transparency and improve market outcomes.

The AEMC should identify the magnitude of the problem

In 2017, the AEMC concluded that the costs of reducing the scheduling threshold to 5MW (albeit without grandfathering) would outweigh the benefits.¹ However, we agree that given the rapid pace of change in the NEM, it is worth re-examining if smaller types of supply can be better integrated into dispatch and information processes, consistent with the pathway to a two-sided market.

Without understanding the magnitude of the impact that non-scheduled generation has on market and power system outcomes, it is difficult to determine if the potential benefits in terms of improved price discovery, information provision and power system management would outweigh the costs associated with scheduling for smaller generators (e.g. compliance costs and the installation of new equipment).

The AEMC should clearly identify the extent to which the different types of non-scheduled generation affect market and power system outcomes, and whether any identified issues are likely to worsen in the short-to-medium term. This analysis would then inform if and when a different scheduling threshold (higher than 5MW but lower than 30MW) may be required. The scheduling threshold should only be reduced if there are clear net benefits.

Broader changes to scheduling obligations should be considered as part of the two-sided market work

The AEMC proposes developing an alternative set of less onerous scheduling obligations for smaller generators as a potential way to balance the costs of participating in central dispatch with the benefits.

Different scheduling arrangements should be considered as part of the ESB's work on two-sided markets through its Post-2025 NEM program. The ESB is already examining the potential for different scheduling obligations for load and could extend its analysis to the supply side as well.

¹ AEMC 2017, Non-scheduled generation and load in central dispatch, Rule Determination, 12 September 2017, Sydney

The exemption framework should be more transparent

We understand the AEC has identified instances where generators that have a significant impact on market outcomes have been granted an exemption. In our view, the framework should only exempt generators from scheduling obligations if they have a minimal impact on the market or if they are not physically able to participate in dispatch.

We therefore support the proposed changes to the exemption criteria to the extent that narrowing them would better reflect the intent of the framework and reduce unintended consequences. Generators that have a significant effect on the market should not be able to avoid scheduling obligations through the framework.

We also support the proposed transparency changes to the exemption process. Given AEMO has an amount of discretion in providing exemptions to generators, the process should be as transparent as possible to promote certainty and confidence in the framework.

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at Sarah-Jane.Derby@originenergy.com.au or by phone, on (02) 8345 5101.

Yours sincerely



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