



28 January 2021

Merryn York
Acting Chair
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Ms York,

AEMC: CONNECTION TO DEDICATED CONNECTION ASSETS – DRAFT DETERMINATION

Origin Energy Limited (Origin) welcomes the opportunity to provide comments to the AEMC on the connection to dedicated connection assets (DCA) draft determination. We generally support the proposal to replace large DCAs with designated network assets (DNAs) but consider that further work is needed in some areas to clarify implementation.

Our primary concern with AEMO's initial proposal related to the potential erosion of the ownership rights of DCA owners. However, the draft rule largely maintains the ownership rights of asset owners (e.g., any party can competitively own a DCA) while also addressing the issues raised in the original rule change request. We therefore support the draft rule in principle.

We, however, consider that further work is needed to clarify some aspects of how the DNA framework will work in practice. These include:

- Whether the proposed standard access policy would allow for any flexibility. While standardisation may promote transparency and simplicity, it should be balanced against the potential benefits of allowing for variations based on the circumstance of each DNA.
- How cost sharing arrangements are intended to work in a DNA. In our view, cost sharing arrangements should allow DNA owners to oversize the asset with third parties contributing towards capital costs when they connect.
- Whether the rules allow for future extensions of a radial DNA into a looped, or meshed, network. As an example, the Integrated System Plan (ISP) may identify that it is efficient to connect an existing DNA to a future extension of the shared network, forming a network loop. This would result in a regulated/non-regulated/regulated sequence of connections. It is unclear how the regulatory investment test for transmission (RIT-T) would account for the existing asset, how the DNA would be integrated into the shared network and how owners would be compensated. The AEMC should consider the introduction of a framework to address turning a DNA into a meshed/looped configuration given the potential system benefits associated with doing so.

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

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

Steve Reid
Group Manager, Regulatory Policy