



29 September 2017

COAG Energy Council Secretariat
GPO Box 787
Canberra ACT 2601

Submitted via email: energycouncil@environment.gov.au

Energy Security Board – Ministerial Power to make Rules

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the COAG Energy Council's *Statutes Amendment (National Energy Laws) (Rules) Bill 2017* ("the Bill").

Under the proposed Bill, the South Australian Minister for Resources and Energy will be empowered to make Rules recommended by the Energy Security Board (ESB) and unanimously supported by the COAG Energy Council (referred to as the MCE in the Bill). For the Minister to make a Rule, the Bill also specifies the proposed Rule must:

- relate to energy security/reliability or long-term planning for the NEM, or in the case of the NGL, investment in, and operation and use of natural gas services;
- satisfy the relevant market objective (e.g. the National Electricity Objective); and
- have been the subject of consultation in accordance with any COAG Energy Council requirements.

While Origin supports timely implementation of reforms aimed at improving market efficiency, we are concerned the proposed Bill could result in an inadequate level of consultation, undermining the quality of regulatory outcomes, confidence in the rule making process and the governance framework overall. This concern stems from the ambiguity regarding the consultation process the ESB will be required to undertake when contemplating rule changes.

Origin believes the Bill should be strengthened to place an explicit requirement on the ESB to consult with stakeholders on proposed Rule changes over a specified period of time. Additionally, the ESB should be obliged to follow a robust decision making framework to be informed by either a cost benefit analysis; regulatory impact statement; or some other equivalent assessment framework. An expedited process could be applied for non-controversial rule changes. This is consistent with arrangements currently in place for the Australian Energy Market Commission (AEMC), and good-regulatory practice more broadly.

In addition to the above, the Bill also authorises the Australian Energy Regulator (AER) to disclose information acquired in confidence to the ESB. Should this occur, the ESB should be bound by the same confidentiality obligations as the AER, as specified under Part 3 Division 6 of the National Electricity Law (NEL).

If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Reid", with a long horizontal stroke extending to the left.

Steve Reid
Group Manager Regulatory Policy