



22 November 2018

Dr Kerry Schott
Independent Chair
Energy Security Board

Submitted by email: info@esb.org.au

Dear Dr Schott,

Retailer Reliability Obligation – Consultation on National Electricity Law amendments

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Retailer Reliability Obligation – Consultation on National Electricity Law amendments.

Origin is concerned that the consultation on these amendments is being rushed and that the draft legislation is being consulted on in isolation to the more detailed Rules that will also be required. As the scheme is not intended to start until 1 July 2019 we do not see why the December 2018 COAG Energy Council meeting needs to approve the draft bill. An ad hoc approach puts at risk what has so far been a relatively well designed scheme. A far better approach would be to consult on the complete package of law and Rules at the same time.

It is difficult to provide informed comment on the current draft legislation without knowing what the more detailed Rules will include. However, our key points include:

- **Exceptions to the need for a T-3 trigger** – we do not support an exception to the key design feature that notice must be given through a T-3 determination, such as contained in proposed s14(3)(b). Providing for this in the draft bill but not providing the important conditions that will be placed on this in the Rules creates uncertainty and risks undermining an otherwise well-designed part of the scheme. The general RRO is designed in a way that includes prudent governance, including the notice provided by the T-3 instrument and the need for the AER to approve any request by AEMO for such a trigger. We understand that this design feature has overwhelming support from stakeholders.
- **Market Liquidity Obligation** – similarly, the implementation of a Market Liquidity Obligation (MLO) is provided for in the draft bill but important details of the MLO will be left to further consultation in 2019. Further complicating this are separate consultation processes for related matters including an ACCC report recommendation to examine a market maker mechanism in South Australia and a rule change request by Engie for a voluntary market making mechanism. Origin suggests there is merit in examining a voluntary mechanism as a starting point.

- **Allowance for changes to contracting position between T-1 and T:** we support the allowance provided in proposed s14Q that regulated entities can adjust their net contracting position in this timeframe. This is a pragmatic approach which recognises that retailers are constantly adjusting their portfolio. However, it would be beneficial to understand the conditions that will be placed on this through the Rules.
- **Trade repository** – we note that the concept of a trade repository is not included in the draft bill. Whilst we understand that further consultation may occur on related matters, we do not believe that the additional burden of such mandatory reporting is warranted.
- **Partial opt-in for large users** – we note that the current draft legislation allows for large users to assume responsibility for part of their load. We suggest that the Rules related to any partial opt-in process provide for clear notice periods around this voluntary opt-in.

If you wish to discuss any aspect of this submission further, please contact Matthew Kaspura at matthew.kaspura@originenergy.com.au or on 02 9503 5178.

Yours sincerely,



Keith Robertson
General Manager Regulatory Policy
Origin Energy Limited
GPO Box 5376
Sydney NSW 2001
+61 2 9503 5674–Keith.Robertson@originenergy.com.au