



12 December 2018

Department for Energy and Mining
Government of South Australia

Submitted by email: RRO@sa.gov.au

Dear Sir/Madam,

Consultation on the draft National Electricity (South Australia) (Ministerial Reliability Instrument) Amendment Bill

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on this proposal by the South Australian Government to modify the Retailer Reliability Obligation (RRO).

Origin is concerned that the consultation on the legislative package to implement the RRO is being rushed. In particular, our recent submission to the Energy Security Board on this topic stated 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.

In principle, we do not support State energy ministers being given the discretion to override the 3-year notice period that must be given through a T-3 determination. The 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. We also note that the Reliability and Reserve Trader is available as a safety net, with shorter notice periods than the RRO.

We are a member of the Australian Energy Council (AEC) and generally support the submission made by that association.

Regarding the specific consultation questions raised, our response is as follows:

- Question 1: we do not support a broad discretion being given to the Minister to effectively circumvent the 3-year notice period proposed in the RRO. We note however that the South Australian proposal is limited to providing an exception for South Australia only and this is preferable to an exception that may cover all NEM jurisdictions.
- Question 2: we suggest that further information is also required, as suggested in the AEC submission. This might include further definition of the terms “on reasonable grounds”, “real

risk”, and “to a significant degree”. We assume that this would be provided in the draft Rules and is another reason why we believe the draft law and Rules should be consulted on at the same time.

- Question 3: we do not support the shorter timeframe of a 15-month notice period. We also question how the market would be able to respond in such a short timeframe and what supply options would realistically be available.
- Question 4: as indicated above, it is difficult to comment on this as the complete package of draft law and Rules has not been released. We believe a better approach is to wait and consider the full legislative package together.

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,



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