



30 November 2012

Mr Jeremy Llewellyn
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted by email: Jeremy.Llewellyn@aer.gov.au

Dear Mr Llewellyn

REPORTING TRIGGERS FOR SIGNIFICANT PRICE VARIATIONS IN THE SHORT TERM TRADING MARKET (STTM) - ISSUES PAPER

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Regulator's (AER's) Issues Paper on Reporting Triggers for Significant Price Variations in the STTM.

The National Gas Rules (NGR) prescribe that the AER identify and report on any significant price variations in the STTM. This requires that the AER develop and publish guidelines as to what constitutes a significant price variation for reporting (reporting trigger).

Origin appreciates the AER undertaking this consultation process to develop the guidelines on reporting triggers. When there is a significant price variation event, the AER's report is likely to provide constructive insight to the market about what happened. Allowing industry to input into the development of the guidelines ensures the AER's reports provide value to the market.

While the AER has a critical role to monitor participants' compliance with the NGR, it is important to note that a number and varying combinations of underlying market factors can precipitate a significant price variation event. These types of events could have significant financial impacts on different market participants, which is why the reports are a useful reporting tool. It is therefore important for the AER to canvass the range of possible causes of an event. While participant behaviour is a key reviewable factor, we recommend a starting point that does not presume a triggered threshold signals that a participant's behaviour could be contrary to the NGR.

Origin considers the reporting trigger options outlined by the AER are sufficient at this stage, particularly given the lack of operational experience in the current STTM. We suggest, however, that the AER look to review these triggers at the earlier of: two years time; or when it finds there have been a disproportionate number of events that have or have not been captured in the intervening two-year period.

We look forward to continued engagement with the AER on the guidelines and any investigations on significant price variation events. Should you have any questions or wish to discuss this submission further, please contact me on (02) 9503 5500 or Lillian Patterson (Senior Regulatory Policy Analyst) on (02) 9503 5375.

Yours sincerely,

Hannah Heath
Manager, Wholesale Regulatory Policy
Energy Risk Management