



19 June 2019

Australian Energy Regulator

Submitted by email: RRO@aer.gov.au

Dear Sir/Madam,

For consultation – Draft Interim Qualifying Contracts and Firmness Guideline

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on this draft interim guideline for the Retailer Reliability Obligation (RRO).

RRO legislative package

We appreciate the tight timeframes the AER is working under and are pleased that the AER is moving quickly by releasing a series of draft guidelines for consultation.

Origin strongly recommends that the full legislative package to implement the RRO be ready as soon as possible. Potentially liable parties under the RRO may be placed in an awkward position if the scheme commences on 1 July 2019 but material details remain unclear.

Part of our concern is driven by the particular provisions that are proposed for South Australia which allow the South Australian Minister to potentially truncate a T-3 notice and provide only 15 months' notice. We encourage the AER to work closely with the South Australian Government to mitigate any transitional issues.

Draft Interim Qualifying Contracts and Firmness Guideline

We generally support the approach taken to the methods to estimate firmness factors for qualifying contracts. We believe the approach to standard and non-standard contracts strikes an appropriate balance to providing advance guidance to participants whilst still allowing some flexibility to tailor arrangements for more bespoke contracts. We would suggest that some of the compliance aspects could be streamlined and provide some comments below.

Our points include:

- **Pre-approved panel of auditors** – we support having a pre-approved panel of auditors available to audit bespoke contracts. We encourage the AER to establish this panel as soon as possible. In particular, this panel may need to be ready within the next few months if a truncated

T-3 process is called in South Australia. If this is the case, retailers will begin reviewing their non-standard contracts in that region and it would be prudent to have auditors available as soon as possible to enable this process. We encourage the AER to work closely with the South Australian Government to minimise any transitional issues.

- **Approach to Power Purchase Agreements (PPAs)** – we suggest that a portfolio approach be allowed when assessing PPAs from the same region. We note that a portfolio approach has been allowed for other qualifying contracts such as options and own generation and support this approach.
- **Compliance** – we generally support a simple compliance process and generally agree with the types of information that the AER will be requesting as part of net contract position reporting. However, we would suggest that formal sign-off by a director is unnecessary and suggest also allowing an authorised officer (who has the appropriate delegation) to sign.

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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