



16 November 2022

Clare Savage
Chair
Australian Energy Regulator

Submitted online: AERringfencing@aer.gov.au

Dear Ms Savage

Reliability and Emergency Reserve Trader via voltage management – ring-fencing class waiver

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Regulator's (AER) Assessment for granting a distribution ring-fencing class waiver for Distribution Network Service Providers (DNSPs) to provide contracted Reliability and Emergency Reserve Trader (RERT) services via voltage management.

Origin recognises the rationale for the proposal is to expand the pool of potential RERT providers available to AEMO to manage reliability of supply over the period to 2028. While it is unclear whether market participants can currently provide the specified voltage management service, we are concerned the provision of the class waiver could put prospective providers at a competitive disadvantage to the extent there is demand for such a service. This is because the proposal would allow DNSPs to earn unregulated revenue from regulated electricity supply assets.

Given the above, if the AER ultimately grants the class waiver, we recommend it is only applied for a short period (e.g. 1-2 years). The need for any subsequent class waiver could then be reassessed following that period. Notwithstanding potential reliability gaps identified by AEMO over the period to 2031-32, this approach is consistent with the expectation that reserve mechanisms are still to be used infrequently (rather than inherently relied on) and in a manner that preserves investment signals in the wholesale market.

We also strongly support the proposed transparency requirements, which include reporting on reserve volumes, revenues earned and any unintended power quality issues.

If you wish to discuss any aspect of this submission further, please contact Thomas Lozanov at [REDACTED]

Yours Sincerely,

[REDACTED]
Shaun Cole
Group Manager, Regulatory Policy