



23 July 2012

Ms Ruth Guest
Principal Settlement Analyst
Australian Energy Market Operator
PO Box 7326
Baulkham Hills BC NSW 2153

Submitted by email: ruthguest@aemo.com.au

Dear Ms Guest

DRAFT CREDIT LIMIT PROCEDURES

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Market Operator's (AEMO's) Draft Credit Limit Procedures (CLP).

The CLP outlines the new methodology to calculate a market participant's required level of credit support in line with the proposed new prudential standard of two per cent probability of exceedence. It is intended to:

- avoid dramatic changes in credit support lagging a high outstandings event;
- better reflect seasonal variability; and
- differentiate more risky load profiles from less risky ones.

We have reviewed the CLP and have found that the methodology is sound and calculates credit support requirements that reflect these intended outcomes.

Origin would like to thank AEMO for holding its industry workshop on 9 July 2012. This was a valuable opportunity to work through the methodology and ask questions directly of AEMO. It gave comfort to market participants of the robustness of the methodology.

Should you have any questions or wish to discuss this information further, please contact me on (02) 9503 5500 or Lillian Patterson (Regulatory Policy Analyst) on (02) 9503 5375.

Yours sincerely,

A handwritten signature in black ink, appearing to read "H. Heath".

Hannah Heath
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