



James Lindley
AEMO

5 December 2016

By email

Dear James,

CAUSER PAYS PROCEDURE

Origin appreciates the opportunity to provide feedback on the consultation regarding the causer pays procedure to settle asynchronous operation.

On 3rd October 2016 the Dispute Resolution Panel (“DRP”) determined that AEMO must make a procedure under clause 3.15.6A(k) of the Rules or amend the existing procedure to address the circumstances specified in clause 3.15.6A(j)(2) of the Rules. The DRP concluded that for the trading intervals 22:00 and 22:30 on 1st November 2015, AEMO has not performed the requisite calculations in accordance with the clause 3.15.6A(i).

In order to address this issue, AEMO has put forward three options to determine cost recovery during the asynchronous operation on 1st November 2015.

Option 1 in our view is “do nothing”. We do not agree that AEMO make changes to the existing procedure in order to comply with Option 1. In fact, in Origin’s opinion, this reverse engineering proposal will defeat the purpose of this consultation and the DRP determination.

Option 2 proposes to determine ex-post contribution factors based on the unit performance during the asynchronous period. While Origin believes this option best complies with the Rules, we agree with AEMO that this option is not suitable due to the very issues AEMO highlighted in the consultation paper.

Option 3 requires AEMO to determine CMPF’s using only facilities within asynchronous regions. Historical 4 week sampling period will be used for each facility however when calculating CMPF’s only facilities within asynchronous region(s) will be used. In our view, this methodology closely aligns with the Rules including 3.15.6 (A) (k). AEMO indicated that with Option 3 they would be unable to comply with clause 3.15.6A(nb).

We reproduce this clause below.

(nb) When a region is or regions are operating asynchronously, AEMO must publish (where appropriate in accordance with the procedure developed under paragraph (k)), an estimate of the contribution factors referred to in paragraph

(j)(2) to be applied for information purposes only by Market Participants for the duration of separation.

It is true there are number of combinations possible for asynchronous operation. However, AEMO can pick one or two most probable scenarios (eg: SA and/or QLD) and publish numbers.

In our reading of the clause (because of the qualifier within brackets) we believe it is possible for AEMO to draft the procedure to effect the above proposal. In addition AEMO can publish raw factors so that participants can estimate contributions in an unlikely event of other scenarios.

As such, Origin is of the view that Option 3 be considered by AEMO for the determination of contributions factors under clause 3.15.6A(j)(2) of Rules.

If you require more clarification on the issues raised please contact Keith Latty on 02 9503 5482.

Regards



Keith Brown
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Wholesale, Trading and Business Sales