



17 October 2014

Mr Jack Fitcher
Chief Financial Officer (Acting)
Australian Energy Market Operator
Level 22, 530 Collins St
Melbourne VIC 3000

Submitted by email: jack.fitcher@aemo.com.au

Dear Mr Fitcher

GAS MARKET FEE METHODOLOGY - INITIAL CONSULTATION PAPER

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Market Operator's (AEMO's) Initial Consultation Paper on its gas market fee methodology.

Origin supports the principles of consistency, simplicity and transparency across fees. We consider there is scope for the number of discrete fees to be minimised and simplified to a volume throughput charge, where possible. We would appreciate AEMO investigating where this may be appropriate.

Victorian Declared Wholesale Gas Market (DWGM)

In the DWGM, there is currently a distribution meter fee charged for each connection that is an interval metering installation. Origin considers this fee could be removed and the Tariff D and Tariff V fees adjusted to compensate for this.

Short Term Trading Market (STTM)

Current STTM fees are made up of an activity fee charged on gas withdrawn and a fixed fee charged as a flat rate per day. Origin considers the fixed fee could be removed.

NSW Full Retail Contestability (FRC)

The current NSW FRC fee structure includes a transaction (churn) charge that is not charged in any of the other gas FRC markets. Origin considers this transaction charge could be removed to enable consistency with other states.

Gas Bulletin Board (GBB)

There are significant upcoming changes and associated costs to improve the useability and functionality of the GBB. Given this, Origin considers it is appropriate that AEMO review the GBB fees to ensure the participants that derive value from the GBB, not just GBB shippers that currently pay for it, make a contribution to its costs.

Origin notes the fee methodology for the GBB is prescribed in the National Gas Rules (NGR). We suggest the GBB fee methodology should be removed from the NGR and follow the same process as the other gas market fees to ensure consistency across AEMO's gas market fees.

Period of fee structure and break-even period to recover costs

In Origin's view, all fee structures and break-even periods should be aligned at five years:

- Aligning the expiry dates of the fee structures will allow AEMO to review all gas market fee structures concurrently. Reviewing the fee structure every five years also provides certainty and predictability to participants.
- A five-year break-even period would minimise significant year-on-year fluctuations.

Further information

Should you have any questions or wish to discuss further any detail of this submission, please contact Lillian Patterson on lillian.patterson@originenergy.com.au or (02) 9503 5375.

Yours sincerely,



Steve Reid
Manager, Wholesale Regulatory Policy