



15 December 2020

Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Submitted by email: AEMO.Settlements@aemo.com.au

NEM settlement under zero and negative regional demand conditions – Issues Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Operator's (AEMO) NEM settlement under zero and negative regional demand conditions Issues Paper.

Origin is supportive of AEMO implementing an option that would allow non-energy costs to be equitably allocated across all relevant market participants, while also minimising associated implementation costs and complexity. In our view, none of the options presented would adequately meet the principle of equitability, with the Issues Paper acknowledging winners and losers would be created in each case. To address this, we recommend:

- AEMO's preferred option (Option 1) be implemented for the purpose of determining weekly settlement amounts, noting Option 1 is likely to be the most administratively simple to implement and reconcile as it does not rely on dynamic data sets; and
- AEMO consider applying a 'manual adjustment' following the settlement week that provides for a more accurate allocation of non-energy costs to relevant market participants. This includes accounting for any new Market Customers that were not active in the previous calendar year and would therefore not have been allocated any costs under Option 1. The manual adjustment should be completed prior to the second revision of that settlement week being finalised.

While recognising the time constraints identified in the Issues Paper, it is important AEMO consults further with NEM Settlement Managers prior to locking in a preferred option in January 2021, particularly if there is divergence in views. We also consider our proposed approach may ultimately afford AEMO additional time to develop a more accurate/equitable solution, as a manual adjustment may not necessitate the same level of system changes as an integrated solution.

If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Reid".

Steve Reid
Group Manager, Regulatory Policy