



12 December 2012

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

Submitted by email: ruth.guest@aemo.com.au

Dear Ms Guest

CREDIT LIMIT PROCEDURES - DRAFT DETERMINATION

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

We have reviewed the proposed revisions to the CLP and consider them reasonable.

With respect to AEMO's request for feedback on the proposed schedule of reviews of participants' credit support requirements, Origin's preference is for Option 3: four reviews a year with two reviews for the Shoulder periods of April and separately September to November.

We consider having four separate review periods best reflects the original intent of the new prudential standard and framework as it ensures AEMO has a sufficient and correct level of credit support for each season at the time of that season. Options 1 and 2 are less efficient options because:

- Option 1 - participants would have to provide more credit support for a longer period of time than necessary (i.e. for a five month period including the less volatile Shoulder month of April rather than for just the more volatile four month Summer period); and
- Option 2 - participants would have to provide credit support that is not fully reflective of the current period (i.e. in April, participants would have to provide for September to November). While these months are all part of the Shoulder season, there can still be differences between the two Shoulder periods. In addition, it is operationally easier to have two separate Shoulder periods as participants cannot obtain bank guarantees that span non-consecutive periods (i.e. to cover a combined April and September to November requirement).

We understand AEMO intends informing participants of their new credit support requirements in early November 2013. The new requirements will then commence on 2 December 2013, which is the first business day in summer. Origin would appreciate AEMO confirming these anticipated timeframes in its Final Report. This will give participants sufficient time to prepare for the change.

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Phil Moody".

Phil Moody
Group Manager, Energy Markets Regulatory Development
Energy Risk Management