



19 October 2020

Attention: Andrea Marinelli

Submitted via email to Andrea.Marinelli@aemo.com.au

Origin thanks AEMO for the opportunity to comment on its consultation of the Gas Fee Structure. Please see the below comments which address key issues of the consultation paper.

Gas Fee Structure

We agree that a three-year term is optimal. It caters for enough variability while allowing the fee structure to be reviewed following the occurrence of any substantial market change.

Registration Fee

Origin is supportive of the current registration fee approach. It is unclear how reforming the registration fees could improve cost reflectivity. Given the fee is for registration, paying per registration is the most sensible approach.

Pipeline Capacity Trading

Disaggregation

It is unclear by what process AEMO could disaggregate any services, or if there is any benefit to doing so. The disaggregation would require AEMO to artificially value the services, which may not reflect efficient market outcomes.

Recovery via other markets

As noted in the paper, the deficit is driven by a lack of liquidity in the Capacity Trading Platform (CTP). In the AEMC's recent biennial liquidity review it commented that as re-contracting occurs, auction capacity may become scarce, which would drive an increase in CTP activity. The fee structure should therefore remain in place and the deficit deferred (though this should only be for a limited period and if the shortfall is of a modest size). If liquidity eventuates, AEMO should then be able to identify which participants are receiving the benefit. If the deficit continues, it will serve as impetus to re-evaluate the entire platform. As it stands, it would not be prudent to attempt to allocate the cost to any individual group of participants.

GSOO

It may unnecessarily burden wholesale participants if they are required to also compensate GSOO costs along with retail gas market participants. The majority of retail gas market participants will also partake in wholesale markets and may be forced to pay additional compensation without extra benefit. However, it may be prudent to recover some costs from Producers and retail market participants. The GSOO serves an important tool for producers to understand the supply-demand balance and may assist with their own production and exploration planning.

Retail Market fees

Origin is supportive of the current registration fee approach. It would not be cost reflective if participants who have previously compensated AEMO for their registration fee to then be charged other participants registration fees.

We also support the current tariff structure, however a \$/GJ is also an acceptable approach.

If you have any questions please contact Tom Strokon on 0436 673 335 or at Thomas.Strokon@originenergy.com.au.

Steve Reid

Group Manager, Regulatory Policy
Origin Energy