



22 September 2011

MCE Secretariat
Department of Resources, Energy and Tourism
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Canberra ACT 2601

Lodged by e-mail: mce@ret.gov.au

Dear Sir, Madam

REGULATION IMPACT STATEMENT CONSULTATION PAPER: SEPARATION OF GENERATION AND TRANSMISSION

Origin Energy (Origin) welcomes the opportunity to comment on the Ministerial Council on Energy Standing Committee of Officials Regulation Impact Statement Consultation Paper on the separation of generation and transmission.

We understand the focus of the Consultation is to gauge the potential for future co-ownership of generation and transmission assets in the National Electricity Market (NEM) and the likelihood and risk of competition issues arising from such co-ownership.

Origin considers the current legislative provisions provide sufficient protection against the likelihood of adverse generation and transmission co-ownership. The current arrangements are unlikely to allow an entity to obtain sufficient generation and transmission assets to impede effective competition in the NEM. As such, Origin supports maintaining the status quo.

There is an important distinction around the different types of transmission assets in the NEM: dedicated connection assets compared to assets that are a part of the national grid. It is industry practice for generators to build and own connection assets - assets that connect generators to the shared grid. These connection assets may be owned by a generator but are operated by a Transmission Network Service Provider.

In considering any changes to the current arrangements, it is important that the MCE does not inadvertently restrict generators from constructing and owning the infrastructure required to connect them to the grid. Such restrictions could impose significant costs and time delays for new connections and introduce challenges for currently connected generators. If the MCE SCO determines to introduce more stringent regulation, the provisions need to be clear on what types of transmission assets restrictions would apply.

Finally, as noted in the Consultation Paper, the Australian Energy Market Commission is currently conducting a Transmission Frameworks Review. Among other issues, this Review is examining the structure of the wholesale electricity market as it relates to transmission networks. Origin suggests that this Review should be allowed to conclude before any other fundamental changes to the wholesale electricity market are considered. This would help avoid any potential overlap between different review processes.



Please contact myself or Hannah Heath (Manager, Regulatory Policy) on (02) 8345 5500 if you would like to discuss our submission.

Regards,

A handwritten signature in black ink, appearing to read "Tim O'Grady".

Tim O'Grady
Head of Public Policy
Corporate Affairs

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