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Australian Energy Market Operator

Submitted online: GWCF_Correspondence@aemo.com.au

Wholesale Proposed Procedure Change (PPC) – Hydrogen and Distribution Connected Facilities rule changes

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Operator's (AEMO) Proposed Procedure Change (PPC) relating to the Hydrogen and Distribution Connected Facilities rule changes. Below we provide feedback on the specific materiality threshold matters being considered under the Distribution Operational Coordination Procedures.

Origin is not supportive of applying the proposed materiality threshold of 5TJ for including a constraint in the scheduling window and sending a system wide notice (SWN). The Declared Wholesale Gas Market (DWGM) has established mechanisms to physically manage deviations from operating schedules and financially penalise responsible parties with an effective causer pays feedback loop. These mechanisms rely on the timely sharing of quality information. The proposed threshold could undermine these mechanisms by reducing market participants' visibility of the supply / demand balance, which may affect their ability to effectively assess and respond to market changes. Not reflecting constraints in the scheduling window could also lead to less efficient allocation of gas to the extent it impacts clearing prices and / or leads to deviations. The impact of the above distortions would likely be amplified during seasonal extremes when the supply / demand balance is tighter.

To the extent AEMO considers thresholds are required, further analysis should be conducted and published to allow market participants to better assess the potential implications / costs of the change. There should also be scope to review the suitability of any new thresholds over time as the proliferation of DCFs increases and their aggregate impact can be better assessed.

If you wish to discuss any aspect of this submission further, please contact Liz Robertson at Elizabeth.Robertson@originenergy.com.au.

Yours Sincerely,

A handwritten signature in dark ink that reads "S Cole".

Shaun Cole
Group Manager, Regulatory Policy