



19 December 2018

Ms Lyn Camilleri
General Manager – Electricity Markets
Australian Competition and Consumer Commission

By email: ElectricityMonitoring@acc.gov.au

ACCC monitoring of electricity supply in the NEM – Discussion Paper

Dear Ms Camilleri

Origin Energy Limited (Origin) welcomes the opportunity to comment on the ACCC's monitoring of electricity supply in the NEM Discussion Paper. Our views on the contents of the Discussion Paper are summarised below, with further detail provided in the attached submission.

Analytical framework

- No single indicator or metric can be used to assess effective competition and the health of the market.
- The cyclical nature of the market is such that there will be movement in key metrics over time as the NEM responds to changes in variables such as demand and supply. Given this, a snapshot view or point in time observations of the market can result in misleading conclusions and ultimately knee-jerk regulatory responses. The ACCC should be cognisant of this, particularly given the frequency of the reporting.
- Notwithstanding the need to put downward pressure on prices, short term pricing outcomes should not be a singular focus of the ACCC's monitoring. Price signals, including occasional spot price spikes, are an inherent and important feature of a competitive wholesale market.
- Origin agrees it is reasonable for the ACCC to focus on both the level and spread of retail prices. However, we have significant concerns around the plan to monitor whether any wholesale costs savings are being passed through in retail prices. A focus on cost pass through is likely to remove the commercial incentive to accept risk and invest in measures that reduce supply costs.
- Given margins will be a focus of the ACCC monitoring, Origin does not consider it appropriate for there to be monitoring of wholesale costs pass through and consequently the transfer prices of gentailers. As we have stated previously, there is no established methodology for carrying out such analysis, and invariably it will have a short-term focus, leading to erroneous conclusions.
- While the gap between the highest and the lowest offers in the NEM has come under scrutiny (with the AER now looking to establish a reference price), there is no clear approach in determining an acceptable level of variance. For this reason, Origin suggests the expected market outcomes should focus on two areas: ensuring customers in hardship are on the lowest priced offers and that there are no barriers to customers comparing offers.
- Traditional measures of profitability such as gross and net margins are limited in terms of a measure of competitiveness or as a means of understanding the returns to energy businesses.
- Origin supports the approach suggested by the AEMC in its annual review of retail competition in the NEM. This involves the use of a risk adjusted net margin that would consider a business' return on capital, which is a function of the capital employed and cost of equity and debt.

- The Discussion Paper states that retail margins have remained high even as competition has seemingly intensified. However, we do not consider this to be an appropriate conclusion or starting point for the ACCC's monitoring in the absence of more appropriate and nuanced margin analysis.

Monitoring the impact of policy developments

- Origin supports the ACCC's intention to monitor the impact of policy developments. As identified in the Australian Energy Regulator's (AER) recent Wholesale Market Performance Review, policy uncertainty and government intervention can make investment more challenging. To this end, we consider that the following should be a focus of this aspect of the monitoring.
 - Default market offer: If implemented it will be crucial that this does not result in a return to retail price regulation, which has been known to stifle innovation and market competition.
 - Government's plan to underwrite generation investment: The impact of government support for new generation should be carefully monitored, as one potential downside is that this could crowd out private investment, which would in effect exacerbate the problem the policy is intended to solve.
 - Lack of cohesive policy framework: The lack of a long-term cohesive policy approach in the NEM, particularly with regard to emissions reduction has consistently been the subject of much discussion recently. This is an area that the ACCC should focus on.
 - Increased compliance and regulatory activity: The impact of increased compliance and regulatory activity should be monitored. While regulation is crucial in maintaining market efficiency, this is only where there are net benefits, and more rules cannot be effectively used as a substitute for long term policy planning.

Process and timing

- Origin welcomes the adoption of a regular cycle. However, it would be useful to consider moving back the proposed March/September reporting dates to around April/October respectively. This would allow the ACCC more time to respond to data collated in line with financial year and half year reports, noting Origin reports its full year results in mid-August and half year results in mid-February.
- Origin welcomes the ACCC's intent to establish a standard data set for reporting. This should allow respondents to automate reporting to the maximum extent possible, thereby reducing cost and improving data quality.
- Origin's experience in responding to the previous electricity inquiry and the current gas monitoring framework has been that early consultation ahead of data requests can greatly reduce the time and cost to collate information. We therefore encourage the ACCC to provide early notice of upcoming reporting requirements and consult on its requirements ahead of issuing formal notices.

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Yours Sincerely

[Redacted name]

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General Manager Regulatory Policy

1. Analytical Framework

Origin broadly agrees with the three areas identified in the Discussion Paper that are intended to form the basis of the analytical framework for the ACCC's market monitoring function. Our detailed views on each area including possible metrics; expectations of market outcomes; and the approach the ACCC could use in collecting and analysing any relevant data are set out below.

1.1 Market failure framework

Our understanding is that this aspect of the analytical framework is designed to determine if the performance of the NEM is aligned with that of an effectively competitive market. Origin suggests that in doing so it is important the ACCC remain mindful of the following:

- No single indicator or metric can be used to assess the health of the market; this includes any observation of prices.
- The cyclical nature of the market is such that there will be movement in key metrics over time as the NEM responds to changes in variables such as demand and supply. Given this, a snapshot view or point in time observations of the market can result in misleading conclusions and ultimately knee-jerk regulatory responses. The ACCC should be cognisant of this, particularly given the frequency of reporting.

1.1.1 Wholesale prices

The recent retirement of some large baseload generation has contributed to an uplift in both wholesale and retail prices which has resulted in increased regulatory scrutiny and a focus on ensuring energy is made more affordable for consumers. This is an objective shared by Origin. However, prices should not be the singular basis on which the performance of the market is judged. While there is unquestionably a need to put downward pressure on prices, it is only one factor in the market that affects efficient pricing outcomes. Additionally, it is well established that temporary periods of high wholesale prices are essential in signalling new investment and ensuring reliability in an energy only market such as the NEM.

Given wholesale electricity prices are transparent and that the AER publishes weekly pricing reports, special reports on high price events and an annual state of the energy market report, the ACCC should not consider it necessary to report on prices on a six-monthly basis. This is further reinforced by strong seasonality in electricity pricing, which means that a full year period is the minimum length of time over which prices should be assessed. We suggest annual reporting is more suitable and that the ACCC should draw on existing AER reporting to minimise duplication.

Below we outline some of the wholesale pricing outcomes we would expect to observe in a well-functioning market and the factors the ACCC should consider in assessing the NEM's performance in relation to these.

Expectation of market outcomes – wholesale prices

1. Prices should reflect market supply/demand dynamics

- Movements in the NEM's reserve margin would be indicative of the supply/demand balance and hence prices. The recent uplift in prices followed a reduction in reserves.
- The timing of plant closure and the length of the prior notice given by generators is likely to impact the duration of any market imbalance and the magnitude of any resultant price shocks. The commencement of new obligations for generator closure notification should minimise (but not necessarily eliminate) risks in this regard as aging generators close over time.

2. Prices should reflect changes in fuel availability and cost

- Access to fuel impacts the operation of generators and their participation in the market. For example, a drought can reduce the output of hydro and thermal plant, tightening the supply/demand balance.
- Higher fuel costs increase the short run marginal costs of generation which would be reflected in generator bids and spot prices.

3. Prices are effective in signalling and incentivising new investment

- Price fluctuations and volatility are consistent with the cyclical nature of the market and are crucial in signalling both new entry and generator exit to ensure market equilibrium
- Other factors impact incentives to enter or leave the market, including government policy; technology risk; and remediation costs for retiring generators (high costs can deter exit decisions). Therefore, while efficient pricing is a necessary condition for investment, it is not the only driver and any shortfall in investment cannot automatically be attributed to an ineffective price signal. Generally, the NEM has a history of new investment following periods of high prices.
- The extent to which current market dynamics (i.e. increased uptake of renewables) impacts investment in dispatchable generation should be considered. Renewables have zero short run marginal cost and so have the potential to suppress the spot price below the level needed to create a long-term incentive for investment.
- The extent to which current prices provide incentives for the delivery of all the services needed by the market is important. These include frequency control, inertia and system strength, which are critical for maintaining system security and stability. The high incidence of negative prices in South Australia has disincentivised the availability of thermal plant in the state, even when they are required to provide inertia and system strength. Given this new dynamic AEMO is now reliant on directions to maintain system security in the region.

4. Any exercise of market power is consistent with transient as opposed to substantial or sustained market power

- The AEMC has noted that transient pricing power manifested through occasional spot price spikes is an inherent feature of a competitive energy-only wholesale markets such as the NEM.¹
- There is only likely to be cause for concern if prices remained above the long run marginal cost of new investment for an extended period (i.e. beyond the time it would take for new entry). This would potentially be indicative of a market failure or barriers to entry.
- The extent to which generators are compliant with bidding and rebidding rules is an indicator of whether participant behaviour is leading to inefficient pricing outcomes.²

1.1.2 Retail prices

Origin agrees it is reasonable for the ACCC to focus on both the level and spread of retail prices. However, we have significant concerns around the plan to monitor whether any wholesale cost savings are being passed through in retail prices. The focus on wholesale costs in this manner could undermine market competitiveness, increase uncertainty, and lead to a range of unintended consequences.

¹ Australian Energy Market Commission, “Final Rule Determination - Potential Generator Market Power in the NEM”, 26 April 2013, pg. ii –iii.

² For example, see AEMC, “Gaming in rebidding – Final report”, 28 September 2018

It is not immediately obvious the basis on which the ACCC would determine whether wholesale costs savings are being reflected in retail prices, nor is it clear that such a metric could be reasonably developed. Notwithstanding this, the implication is that any perceived failure to pass through wholesale costs savings in an 'acceptable' manner would result in undue regulatory scrutiny. If this is indeed the case, retailers would not be incentivised to attain efficiency gains. Competitive markets are founded on the premise of participants striving for productive efficient outcomes that will ultimately flow through to consumers in the form of lower prices. Often market participants incur risk in striving for such outcomes, however, if the resultant benefits of this must be passed through, there is no incentive to undertake such activities.

The Discussion Paper implies the ACCC will seek to form a view on a retailer's wholesale costs at a particular point in time. However, this ignores the cyclical nature of markets and the need to take a long-term view. For example, where a retailer owns generation, in a relatively low wholesale price period, taking into consideration the fixed cost of the investment, the retailer's generation is likely to be a higher cost source of energy relative to the market. In such a scenario the retailer would have limited means of passing this higher cost through in retail prices. This is one of the inherent risks participants must incur when deciding whether to invest in generation. However, if a retailer is then compelled to pass through savings at periods where generation costs are lower than market prices, this inherent risk is amplified as the asymmetric approach removes any potential upside for the investor. This runs the risk of the retailer recovering less than the long run cost of its investment which will disincentivise future investment; and punish retailers that have already invested in generation.

A focus on whether wholesale cost reductions are passed through to retail prices in the manner suggested could also result in market distortion. Consider a Genterailer that invests equity in gas development, who is successful and so secures lower cost gas. If the Genterailer sells the gas to C&I customers or wholesale counterparties it will realise its return. If, however the Genterailer uses this gas to fuel its own gas fired power station and generate electricity then it will be required to pass through its reduced cost of electricity, or else face the consequence of being seen to have a higher retail margin. The gas and electricity markets have been designed to incentivise the flow of gas to where it is most valued; requiring wholesale cost savings to be reflected in retail tariff is likely to distort efficient outcomes.

Given margins will be a focus of the ACCC monitoring, Origin does not consider it appropriate for there to be monitoring of the extent to which changes in wholesale costs pass through to retail prices and consequently the transfer prices of genterailers. As we have stated previously, there is no established methodology for carrying out such analysis, and invariably it will have a short-term focus, which is likely to lead to erroneous conclusions.

Price dispersion

Price dispersion and discounting is a common feature of many competitive markets and has emerged as a primary means of competition in retail electricity markets borne from retailers responding to competitive dynamics to attract new customers. Origin notes that the ACCC intends to report on both the spread and level of retail prices. Careful thought should be given to what would constitute the expected market outcomes in this area. In our view it is reasonable to expect price discrimination will continue to serve as a major competitive tool in the retail market and so some disparity in retail offers is to be expected. We note that in the UK, efforts to limit dispersion resulted in higher average prices. This demonstrates that if all customers were on what is currently the 'best' offer in the market, the terms of the offer would change.

While the gap between the highest and the lowest offers in the NEM has come under scrutiny (with the AER now looking to establish a reference price), there is no clear approach in determining an acceptable level of variance. For this reason, Origin suggests the expected market outcomes should focus on two areas: ensuring customers in hardship are on the lowest priced offers; and that there are no barriers to

customers comparing offers. In relation to customers' ability to compare offers, Origin notes that it is likely that the Consumer Data Right will be extended to the electricity sector during the ACCC's inquiry. This has the potential to materially change the way customers interact with electricity retailers over time and is a development that could usefully be monitored by the ACCC over time. Importantly, this will enable consumers that shop around to continue to benefit from competition by accessing lower priced offers while recognising that protections are needed for vulnerable customers.

1.1.3 Margins

Measuring and interpreting margins is not a straightforward exercise. Consistent with the general principle of taking a holistic approach over an appropriate timeframe when drawing conclusions on the state of the market, any margin analysis should be considered alongside other key metrics.

Traditional measures of profitability such as gross and net margins are limited in terms of a measure of competitiveness or as a means of understanding the returns to energy businesses. In the case of gross margins, as noted by the AEMC margins are likely to differ amongst businesses due to varying organisational structures and different customer bases.³ Similarly, analysis of net margins, while perhaps superior to gross margins, does not account for infrastructure costs or the risk profile of the business in question and is likely to overstate profitability.

Given these factors, Origin supports the approach suggested by the AEMC in its annual review of retail competition in the NEM. This involves the use of a risk adjusted net margin that would consider a business' return on capital, which is a function of capital employed, and the cost of equity and debt.

The Discussion Paper states retail margins have remained high even as competition has seemingly intensified, however, we do not consider this to be an appropriate conclusion or starting point for the ACCC's monitoring in the absence of more appropriate and nuanced margin analysis.

Care should be taken in interpreting margin information and Origin suggests that in doing so, the ACCC should consider the following:

- It is more useful to examine margins at an industry, rather than individual business level, which is consistent with the AEMC's view.⁴ This approach acknowledges that innovation or efficiencies can enable a business to temporarily increase margins prior to a response from its competitors.
- The cyclical nature of the energy market means margins are likely to move over time and so point in time estimates provide only a limited measure of market competitiveness. For example, an observation of wholesale margins at times where there is a low reserve margin and consequently higher prices does not reflect periods of market oversupply and lower margins, which would provide a more balanced view of returns. The UK's Competition Market Authority made some useful observations in relation to margin analysis:⁵

In interpreting the results of our analysis, we take into account a number of factors. First, our guidelines recognise that at particular points in time the profitability of some firms may exceed what might be termed the 'normal' level. There could be several reasons for this, including cyclical factors, transitory price or other marketing initiatives, and some firms earning higher profits as a result of past innovation, or superior efficiency.

³ AEMC 2018: Final Report Retail Competition Review

⁴ *Ibid*, pg. 200

⁵ Competition Market Authority 2016: Energy Market Investigation Final Report Appendix 9.9: Approach to profitability and financial analysis pg. A9.9-2

- Any benchmarking analysis will only be useful if this is against comparable industries. Unique characteristics facing energy that would have to be accounted for include:
 - The capital-intensive nature of the industry, with capital outlaid on historic investment:
 - building/buying customer base;
 - business systems such as billing;
 - firm specific know-how; and
 - depreciation/appreciation.
 - Bad debt risk. This includes costs incurred on behalf of third parties such as networks or government schemes, but unable to be collected from bad debt customers.
 - Working capital requirements. Retailers incur significant costs in managing the time difference between purchasing wholesale energy and receiving payments from customers, as the wholesale market settles on a weekly basis while customer bills are typically paid quarterly.

Given the above discussion our thoughts on the expectations of market outcomes for retail prices are outline below.

Expectation of market outcomes – Retail prices

1. *Changes in wholesale prices are reflected in retail prices*

- It is reasonable to expect that changes in wholesale prices would be correlated with movements in retail prices. However, the timing and extent to which this is the case could be dependent on retailers' exposure to pool prices, as well as the structure, terms, and duration of hedging contracts.
- A focus on transfer pricing and participants costs is misplaced and can be misleading if relied on to draw conclusions on the state of the market. We note market participants are likely to take differing approaches to transfer pricing, and it will be important the ACCC engages with businesses early to establish a consistent reporting framework.

2. *Customers in hardship should be on the lowest price offers*

- Determining this could be one subject of the ACCC's data collection.

3. *Customers should be able to easily compare offers and choose the best deal to suit their needs*

- Establishment of a reference price that would serve as a common basis for discounting is expected to lessen the confusion in the market.
- Work by the AER and updating of the Retail Pricing Information Guidelines, will facilitate marketing in dollar terms and easier comparison of retail offers.
- The extension of the Consumer Data Right to electricity could change the way in which customers search for offers and interact with electricity retailers.
- The ACCC should track the impact of the above policy reforms through its monitoring.

4. *Margins are reflective of the NEM's risk profile and the phase in the market cycle, and over time converge to an economically efficient level*

- In analysing margins, the ACCC should not rely on short term snapshots of incomplete metrics such as EBIT or EBITDA, but seek to obtain information to allow it to analyse the risk adjusted net margin of electricity suppliers that consider the extent to which businesses are achieving a return on capital over time.

5. Customer savings

- The ACCC report 'Restoring electricity affordability and Australia's competitive advantage' (REPI) sets out the ACCC's view of achievable customer bill savings through to 2021 if the report's recommendations are implemented. If the ACCC proposes updating this view or tracking progress against this benchmark then we think it is worth revisiting the estimate and have a few observations:
 - The wholesale component is based on a point in time estimate using a high-priced quarter of spot prices (Q4 2017) as the baseline which appears to have been compared with a forward contract price for all of 2021. A quarter of spot prices could not reasonably represent any retailers supply costs, given retailers use a combination of hedging contracts, generation, and spot purchases.
 - the retail costs appear to exclude a cost category titled 'other costs'.⁶ However this cost category represents a material proportion of the retail operating costs Origin submitted to the ACCC.
 - The Environmental costs category does not seem to recognise likely reductions in the cost of Large-scale Generation certificates (LGC) evident in the forward curve for LGCs.
- The ACCC will need to exercise care in tracking changes in retail prices given recent price freezes and reductions applied by retailers despite rising input costs. This will affect the baseline period in any comparison (e.g. Origin chose not to pass through the increase in NSW costs to its mass market customers at a cost of some \$80m when setting prices in July 2018).
- The ACCC's REPI report recommendations are wide ranging and span the entire value chain. It would be useful for the ACCC to maintain its whole of supply chain perspective in assessing progress against its recommendations.

1.1.4 Contract market liquidity

Hedge contracts are an important feature of the NEM as it assists participants in managing their exposure to spot price volatility. Examinations of the market have traditionally focused on liquidity, but this should be expanded to include risk management in the NEM more broadly. Ultimately, the expectation of outcomes in hedge contracting should be that market participants can efficiently manage the risk associated with wholesale spot price volatility. While contract liquidity is one important indicator of this, it is not the only factor. The ACCC should therefore consider the following issues:

Determining liquidity is not necessarily straightforward

Conceptually, liquidity is where a trade can occur quickly without affecting the asset's price. Notwithstanding this definition, generally, there is no single definitive test for determining the level of liquidity within a market. The ACCC should therefore look at several factors including:

- churn – (the number of times electricity which is generated, is traded compared to physically traded across exchanges and possibly OTC);

⁶ ACCC, "Restoring electricity affordability and Australia's competitive advantage", footnote 473, p 221, June 2018.

- the volume of trades in the market;
- price volatility (measured over a sufficient period);
- bid/ask spread levels;
- number of active counterparties who execute trades (over a sufficient period);

Avenues available to manage risk

Participants rely on various instruments to manage spot price exposure, and so a singular focus on the contracts market, (particularly trading volumes) is unlikely to provide a complete view of risk management in the NEM. As the market transitions, participants are increasingly reliant on non-traditional contracting to manage risk such as renewable PPAs. Other instruments include weather derivatives, settlement residue auctions (SRAs) and wind firming products. For some market participants, exposure to the spot price at particular periods (potentially coupled with demand response) might be a prudent strategy. As more wind and solar enters the NEM, low and sometimes negative pool prices during the day provides greater scope for such an approach.

Factors that can impact liquidity of contract markets

In addition to reporting on liquidity levels, the ACCC should also examine the underlying reasons for any observed changes in liquidity levels over time, given the change may be attributable to other factors. In doing so the following factors should be considered:

- Impact of other risk management strategies. As discussed above, use of financial products such as SRAs; weather derivatives; or a decision to be pool exposed will reduce trading activity, but would not be indicative of a problem in the market.
- Coal-fired generator availability. Baseload generators are a natural supplier of contracts in the market; however, given the aging fleet and the increasing entry of renewables, the output and consequently the contracting opportunities provided by these generators is expected to decline over time due to retirement and declining reliability.
- Impact of vertical integration. Owning generation does not result in a perfect hedge and so vertically integrated firms are required to trade a significant volume of hedge contracts to deliver an effective hedge, and to realise arbitrage opportunities – effectively supporting liquidity. The often conceptual view of vertical integration having a detrimental impact on liquidity is therefore unlikely to hold true in practice.
- South Australia. The smaller region size, higher dependence on non-firm renewable generation and interconnected energy makes it more difficult to underwrite firm financial hedges, which increases the likelihood of lower liquidity levels in that region compared to others.

Expectation of market outcomes – contract markets

Market participants can efficiently manage exposure to wholesale spot price volatility

As the market transitions, risk management is also expected to evolve. Currently, participants are already utilising non-traditional contracting such as renewable PPAs to manage their energy position.

Contract markets exhibit sufficient level of liquidity to help participants to manage risk

An appropriate means of measuring liquidity will need to be established; and any underlying reasons for changes in liquidity levels should be examined.

The ACCC's data collection and analysis should assist in monitoring the participation of vertically integrated firms in hedge contracting activities.

Availability of information

Recently the AFMA survey was voluntarily restarted by industry after a two-year absence and the 13 largest NEM participants who responded to the survey provided additional figures to cover the years where the survey did not take place. Generally, the AFMA survey covers standardised over the counter (OTC) products such as swaps, caps, swaptions and collars. The ACCC should seek to use this information to supplement its own reporting requirements.

1.2 Legal framework

The ACCC should draw on compliance reporting from the AER and various state-based regulators to form a view on market participants adherence to the rules and the suitability of the legislative framework.

1.3 Distributional or equity framework

Distributional/equity frameworks must be carefully considered, given the associated metrics can be subjective and difficult to measure. However, Origin considers the following metrics and expected outcomes are the most appropriate means of tracking progress against a distributional/equity framework.

Vulnerable customers. The market should have a robust hardship regime across jurisdictions and customers in hardship should be on the lowest priced offers. The ACCC can also track the market impact of the recent changes to the hardship framework.⁷

Ombudsman complaints and disconnections. The AER and various state regulators/ombudsman report on disconnections and Ombudsman complaints and so the ACCC should draw on this work.

Solar vs non-solar customers. As the uptake of rooftop solar PV increases, the distributional impacts of various subsidy schemes should be monitored, as customers without solar PV are effectively subsidising consumers that have panels installed.

2. Monitoring the impact of policy developments

Origin supports the ACCC's intention to monitor the impact of policy developments, noting policy uncertainty and government intervention/ownership were highlighted as potential barriers to new entry in the AER's recent Wholesale Market Performance Review. To this end, we consider that the following should be a focus of this aspect of the monitoring.

- Default market offer: If implemented it will be crucial that this does not result in a return to retail price regulation which has been known to stifle innovation and market competition.⁸ If adopted as a reference price, the ACCC can track the extent to which it assists consumers in comparing offers. Given there is also a range of ways to track outcomes for individual customers, the ACCC should engage with market participants with a view to determining the most efficient approach.
- Government's plan to underwrite generation investment: The impact of government support for new generation should be carefully monitored, as one potential downside is that this could crowd

⁷ AEMC, "Final Determination – Strengthening Protections for Customers in Hardship", 15 November 2018.

⁸ See, for example, AEMC, 2018 Retail Energy Competition Review, Final Report, 15 June 2018 which concluded that "price re-regulation of currently deregulated jurisdictions is not clearly warranted and may result in far worse outcomes for consumers" (p.50)

out private investment, which would in effect exacerbate the problem the policy is intended to solve.

- Lack of cohesive policy framework: The NEM has a long history of facilitating timely investment, but this is being tested by continual policy uncertainty, particularly with respect to emissions reduction policy. This is an area the ACCC should focus on.
- Increased compliance and regulatory activity: The impact of increased compliance and regulatory activity should be monitored. While regulation is crucial in maintaining market efficiency, this is only where there are net benefits, and more rules cannot be effectively used as a substitute for long term policy planning.

3. Process and timing

We note the ACCC's intent to provide regular reports in around March and September each year and to follow a regular pattern with established data submission from businesses. We welcome the adoption of a regular cycle, however the ACCC may wish to consider moving this back to, for example, April and October. This would allow the ACCC more time to respond to data collated in line with financial year and half year reports; Origin reports its full year results in mid-August and half year results in mid-February and other market participants report on this or similar timetables.

Further, the ACCC should also consider the timing of data collection and reporting for other commonwealth/state regulatory bodies with a view to leveraging the same information. This will avoid the burden associated with requiring businesses to continually report variations of the same data sets across slightly different timeframes, thereby improving the efficiency of the process.

Origin welcomes the ACCC's intention to establish a standard data set for reporting. Inconsistent reporting requirements and changes to definitions can increase the regulatory burden associated with data/information provision. Achieving consistency over time will allow respondents to automate reporting to the maximum extent possible, reducing cost and improving data quality.

Origin's experience in responding to the gas monitoring framework has been that early consultation ahead of data requests can greatly reduce the time and cost to collate information. Origin encourages the ACCC to provide early notice of upcoming reporting requirements and engage with relevant participants on these requirements ahead of issuing formal notices. Origin has previously responded to ACCC requests on a voluntary basis and will continue to assist the ACCC on a case by case basis.