



## Record of oral submission to the ACCC

<b>Matter name</b>	Brookfield and MidOcean proposed acquisition of Origin		
<b>ACCC parties</b>	Michael Drake Tanya Hobbs Victoria Xia Andrew Ng Rachel Collins		
<b>TRACKIT No</b>	MA1000024	<b>File No.</b>	
<b>Other parties</b>	Energy Australia (EA) <ul style="list-style-type: none"><li>• Leoni Sonnenberg, General Counsel</li><li>• Rebecca Kardos, Strategy and Corporate Affairs Executive</li></ul>	<b>Note book Ref.</b>	NA
<b>Date</b>	Tuesday, 4 July 2023		
<b>Time</b>	9:30am – 10:30am		
<b>Phone to</b>	<input type="checkbox"/>	<b>Phone from</b>	<input type="checkbox"/>
		<b>Meeting</b>	<input checked="" type="checkbox"/>
		<b>Other</b>	<input type="checkbox"/>

This was a meeting between Energy Australia (EA) and the ACCC to allow EA to provide an oral submission in relation to Brookfield and MidOcean's proposed acquisition of Origin.

EA made the following oral submission in response to questions from the ACCC.

### Background

1. EA is a retailer of both gas and electricity. It is the third largest behind AGL and Origin.
2. EA have a significant generation business in coal, gas and renewables. EA is developing a pipeline of owned and contracted renewables firming assets to help enable Australia's energy transition and retire coal fired assets with an initial focus on Tallawarra B, pumped hydro and large-scale batteries.
3. EA have approximately 2.4 million customer accounts and are looking at creating solutions to make the energy transition simple for customers.

## The proposed transaction

4. [REDACTED]  
[REDACTED] There can be a conundrum in the current market where some investors don't want to invest in businesses with coal assets even though those businesses are transitioning out of coal. This can slow the investments required to transition out of coal.

## Competition issues

5. EA see the main competition concern to be how well ring fenced the businesses are. There are existing regulations to ringfence transmission and distribution from retail and generation. It is important to EA that the risks that could arise from this are being addressed. Ensuring the ringfencing is working and is monitored is the major concern to ensure there are no unintended consequences.
6. EA noted there are a lot of opportunities in the behind the meter space. Distributors have been looking into this area as an emerging part of the market. Distributors have a natural advantage in this area. There are ongoing discussions with AEMC regarding the regulatory framework for these services.
7. EA noted the possible interactions between Intellihub, AusNet and Origin under unregulated common ownership and the insight these businesses would have combined. However, EA understands the regulatory framework and ringfencing is designed to address such advantages.
8. EA noted distribution businesses have their regulated and non-regulated businesses.  
[REDACTED]
9. Behind the meter competition could be a concern if there is no ringfencing. If there was a cross pollination of data, Origin could offer customers in the AusNet area better behind the meter solutions due to the data that they would have access to through smart meter data from distributors.
10. [REDACTED] Intellihub is a metering provider and Meter Data Provider (MDP) which means they have access to data through the meters. Intellihub could leverage insights from the data as to how customers are using power. While retailers could potentially leverage insights as well it is unlikely to be able to do it as effectively as a distribution business, a metering provider and a retail business working together. However this is moot in Victoria where the networks are responsible for smart meters rather than the retailer.
11. It is challenging to be specific about what the possible issues could be in the smart metering space as this is an emerging area.
12. EA noted they are not significantly worried about receiving fair connection and same terms as Origin's pipeline of generation though noted the importance of sufficient ringfencing to ensure there are no incentives to favour some projects over others.
13. EA have experienced general connection issues, however do not believe they are competition issues but rather delays in connection which is an issue in the market. These delays tend to be project by project and have various factors which affect it which are not unique to individual transmission businesses. Renewable Energy Zones (REZs) are being set up to help address connection delays.
14. EA note if AusNet was to favour Origin it would be obvious given the number of parties trying to connect into the area. If Origin's projects always seem to be connected, or are always the successful ones, it would be noticed as the generators

all actively monitor who is doing what. Generators would notice if some connections, especially of key competitors, were far quicker than theirs.

15. EA note given the amount of generation needed to be built out it is not clear what would AusNet gain by clearly demonstrating a more favourable connection process for Origin. As they are a business, their incentive is to connect as many generators as possible.
16. However, discrimination could be more subtle – for example by getting preferential access to better locations on the network to connect to.
17. If businesses did notice discrimination, they would say something despite having to maintain the relationship with AusNet, however they would not be raised lightly.
18. EA didn't express any concerns about Origin's integrated gas business part of the transaction.

### Public benefits

19. EA noted there can be benefits from having a retail customer base to support renewable projects but there can also be ways of structuring a successful business where there is not a customer base behind it. There are a variety of business models in the market as there are multiple ways of doing things. EA note while they have a gentailer model, there are other large players who are not gentailers.

[REDACTED]

21. EA note that Power Purchase Agreements (PPAs) have been a common contractual mechanism that have supported renewable project investment over the past two decades. The overall volume of PPAs signed in the market is variable each year. There have been periods where fewer PPAs appear to be signed, potentially due to changing commercial outlooks and outcomes as the energy market transitions. EA would be open to signing long term PPAs if the terms are commercial.
22. EA believe the biggest challenges to net zero across the NEM is having sufficient long duration assets so that coal assets can be retired without negatively impacting prices or reliability. Currently this doesn't fully exist, there is no readily accessible technology that fully meets this need.
23. In the short term, connections are a limiting factor to net zero. EA is seeing delays across the board in getting new connections and interconnectors to bring the energy into the market.
24. EA notes that 13GW by 2023 is a significant amount however there will need to be a lot more build than 13GW to be able to retire coal. EA's plans for renewables are not impacted by Brookfield's intentions as there still needs to be a lot of investment in the market towards transition.
25. EA believe if Brookfield doesn't invest the 13 GW of build out, it is still likely to happen, however it is likely to be slower. EA also flag that it may send a negative

signal to the market if the transaction was not approved given the much needed investment required in the market to get to net zero.

26. EA note government policy is affecting renewable investment however there are other factors as well. EA note that accessing investment funding increasingly requires well developed energy transition plans. Generators who are renewable only have a simpler pathway to access investment funding compared to entities with transitioning fossil fuel assets. Brookfield is an emerging business willing to invest in fossil fuel assets and help speed up the transition.
27. There are supply chain issues, especially with the battery projects. There are shortages of certain core elements, furthermore the construction market is moving to new contract models which make it harder to structure projects. [REDACTED]
28. EA note it is difficult to predict if bringing more renewables in the NEM will reduce prices in the wholesale market. Renewables alone would not necessarily reduce prices as there are periods where those technologies are not generating sufficient electricity to meet demand so coal and gas assets are required to make up the energy required. There is a need for the right mix of renewables and long duration storage to be able to retire thermal assets quicker.
29. In low wind and sun conditions gas is still likely to be the price setter. An increase in firm capacity would likely lead to less volatility however it is difficult to determine the exact impact on pricing.