



## Record of oral submission to the ACCC

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|--|--|--|---------------------------------------|
| <b>Matter name</b>                       | Brookfield LP and MidOcean proposed acquisition of Origin Energy Limited               |  |                                       |
| <b>ACCC parties</b>                      | Tess Macrae<br>Tanya Hobbs<br>Hugh Cosolo<br>Soo Sian Koh<br>Katie Latham (Legal Unit) |  |                                       |
| <b>Merger authorisation no.:</b>         | MA1000024  |  |                                       |
| <b>Other parties</b>                     | Hugh Ridgway, Regulatory Manager, Alinta Energy  |  |                                       |
| <b>Date</b>                              | 30 June 2023   |  |                                       |
| <b>Time</b>                              | 12:30 pm AEST  |  |                                       |
| <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 Alinta Energy (**Alinta**) and the ACCC to allow Alinta to provide a submission in relation to Brookfield LP (**Brookfield**) and MidOcean's proposed acquisition of Origin Energy Limited (**Origin**).

### Broad concerns regarding the proposed acquisition

1. Alinta has concerns regarding the combination of transmission and distribution assets with generation assets in the National Electricity Market (**NEM**).

### Potential for lessening of competition and other public detriments

#### *Impact of vertical integration on competing generators*

2. Alinta has not needed to connect its generation projects to the NEM as it has acquired them already connected. However, it has projects in the development pipeline that will need to be connected and will be vulnerable to any discrimination from a relevant TNSP.

3. Alinta has concerns about the ability and incentive for TNSP/DNSP assets to start discriminating against Origin's competitors when negotiating connections to the NEM. Connections are a key milestone on the critical path for most generation projects.
  - timely connections directly impact on viability of projects because it affects how soon the project can start earning revenue.
  - the timelines associated with the negotiation of connections are long and there is an asymmetry of information.
  - A TNSP or DNSP could facilitate or delay connections, to favour its own related parties. Examples include: information sharing, details of technological requirements, more internal insight into the requirements and connections process, and generally faster response times.
4. Alinta is also concerned about discrimination by the TNSP/DNSP assets in network operation decisions such as maintenance and load-shedding.
5. Any actual or perceived discrimination is likely to reduce new projects coming online as such discrimination could have a direct impact on the timing of revenues.
6. Brookfield has claimed that it has an advantage that will make it more viable to bring renewable generation and storage projects forward. Alinta would question where this advantage comes from. If it is just access to financing, this could come from anywhere (Alinta has no comment on whether private companies have better access to finance than public companies). Alternatively, is the benefit due to the inherent anti-competitive benefits of vertical integration of monopoly assets?
7. If there is an incentive to discriminate, companies may find ways to do so that it cannot be picked up by a regulator.

*Things of less concern regarding the proposed acquisition*

8. Alinta is comfortable with the gas aspects of the transaction. This includes the split of Origin's gas trading assets from APLNG and the addition of Jemena. There are not the same vertical integration concerns as there are for electricity as the connections process in gas is not as problematic.
9. Alinta also does not have concerns regarding the link with Intellihub. Plenty of companies have generation and provide behind meter services, and plenty of companies are doing smart meters. The competition means that there are less concerns there.

**Potential for public benefits**

*Cause of delays to renewables transition*

10. The main delay in the industry, which will continue in the short to medium term, is the speed of connections. This is something the industry is really struggling with.
11. Connection delays are primarily due to the need for AEMO to model the impact of a new project on the NEM system in order to maintain system stability.
  - AEMO must manage simultaneous connections processes for new projects.
  - AEMO needs to do a lot of very complex modelling with every new project to make sure it doesn't impact system parameters like strength, inertia etc. Often projects are delayed by the need to be amended to provide more support to the system on those factors.

12. TNSPs and DNSPs then also have their own requirements to ensure their system reliability.
13. This situation is unlikely to be impacted by the Victorian Government changing to VicGrid rather than AEMO for consultation on new projects. It is also unlikely to be impacted by the proposed acquisition.

#### *Benefits of retail integration in building renewables projects*

14. Alinta has a retail base and is both developing its own renewable projects in-house and uses PPAs. There are a variety of different strategies to develop generation projects. It is not necessary to have a retail base to develop renewables projects nor does it provide a massive financial advantage, it's just another strategy option.

#### *Net impact of any increased investment in renewables by Brookfield*

15. Brookfield's proposed investment in additional renewables would have no impact on Alinta.
16. 14 GW is significant, but the market is already competitive, so if Brookfield doesn't build it, someone else will.
17. Alinta makes its investment decisions based on high level data such as long term forecasts of buildout and demand based on market fundamentals.

#### **Relevance of ring-fencing**

18. Alinta doesn't object to the proposed acquisition on the basis that appropriate ring fencing measures are used between the transmission/distribution and generation businesses owned by Brookfield and is of the view that this can be achieved effectively through existing measures available to the ACCC.

#### **ACCC questions**

The ACCC invited Alinta to provide further information to assist its consideration of the proposed transaction:

- further details of the benefits of vertical integration between generation and retail, versus investing in renewable generation and supplying to retailers via offtake agreements,
- further details regarding to what extent publicly listed energy companies face greater challenges than private companies in transitioning their business to renewable energy sources, and how difficult it is to overcome those challenges,
- whether Alinta has been discriminated against by an electricity transmission network operator, including by having a generator's connection refused or delayed. Alternatively, if any Alinta personnel are aware of this type of discrimination having occurred or potentially having occurred towards other generators, and
- whether any Alinta personnel can discuss specific measures that an electricity transmission network operator could use to discriminate against a generator, including by refusing or delaying the generator's connections.