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6 October 2023

Mr Daniel McCracken-Hewson  
General Manager | Merger Investigations Branch  
Australian Competition and Consumer Commission  
Level 17, 2 Lonsdale Street  
Melbourne VIC 3000

**By Email**

**Confidential**

Dear Mr McCracken-Hewson

**Brookfield and MidOcean application for merger authorisation for proposed acquisition of Origin Energy – Response by the Applicants to the ACCC's file note of meeting with Matt Harris, Frontier Economics dated 28 August 2023**

We refer to the file note particularising a meeting between Matt Harris and representatives of the ACCC dated 28 August 2023 (the **File Note**).

The Applicants' response to the File Note is provided in **Annexure A** to this letter.

Please contact us if you have any questions in relation to this letter.

Yours sincerely



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Partner  
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**Our Ref** 121124281  
KVZS 807061029v1 121124281 6.10.2023

## Annexure A

### Brookfield LP and MidOcean Energy acquisition of Origin Energy Limited

#### Response by the Applicants to the ACCC's file note of meeting with Matt Harris, Frontier Economics dated 28 August 2023

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##### Introduction

On 28 August 2023, representatives of the ACCC held a meeting with Matt Harris of Frontier Economics to ask questions of Mr Harris about:

- (a) the report he prepared in response to questions put to him by the ACCC under s 90(6)(d) (the **Harris Report**);
- (b) the Response by the Applicants to the ACCC's s 90(6)(b) request dated 16 August 2023 (the **Applicants' Response**); and
- (c) a report prepared by Mr David Dixon dated 25 August 2023 (the **Rystad Report**).

This meeting was particularised in a file note, which was published to the register on 27 September 2023 (the **File Note**). This document sets out the Applicants' response to some of the points made by Mr Harris during his meeting with the ACCC. This document does not purport to respond to all of the issues covered in the File Note, and a failure to address any of the points in the File Note should not be taken as agreement or acceptance by the Applicants of those points. Unless otherwise stated, capitalised terms used in this response have the same meaning as in the Application dated 5 June 2023.

##### Australia's emissions and renewables targets

- 1 The File Note says at paragraph 5 that '*Mr Harris noted that the Applicants' response appears to agree, at paragraph 22, that government interventions will address network constraints to enable the required acceleration in renewables. The key difference of opinion being the effectiveness of government policies to provide price certainty or sufficient direct investment. The Applicant assumes a failure of government policies addressing finance and revenue certainty, while Mr Harris' view is that government intervention can address finance and revenue certainty.*'
- 2 The Applicants do not agree that government interventions will address network constraints to enable the required acceleration in renewable development and draw a distinction between Mr Harris' contention and the point made at paragraph 22 of the Applicants' Response. Rather, the Applicants consider that there are government and industry led processes underway to address grid connection and network capacity challenges, including the development of new renewable energy zones supported by new transmission networks. The Applicants consider that there is no certainty that these processes will be sufficient to address the network constraints in question and reiterate that the Applicants consider Australia is not currently on track to meet the goal of 82% renewable generation for the NEM by 2030. In any event, connection challenges will be unaffected by the Proposed Acquisition.

##### Pipeline of new projects

- 3 The File Note says at paragraph 15 that Mr Harris also noted some errors in the table at paragraph 14 of the Applicants' Response.
- 4 The Applicants note the error in calculation of the 'average increase per year (MW) column' in paragraph 14 of the Applicants' Response. For completeness, the corrected amounts are set out below, which is also standardised to reflect scheduled, semi scheduled and non-scheduled generation in the NEM in each year.

- 5 As outlined in paragraph 16 of the File Note, these errors are not material and our conclusions that follow remain the same. In any case, there is a negligible difference in the outcome, and these amounts further exemplify that the average increase in anticipated / proposed projects (6,579 MW for Solar, and 38,492 for Wind) will exceed the average increase in existing and committed wind and solar generation.

Scheduled, Semi Scheduled & Non-Scheduled Generation						
Status	Jul-20	Jul-21	Jul-22	Jul-23	Total Increase Jul 2020 - Jul 2023	Average increase per year (MW)
<b>Solar</b>						
Existing	3,850	5,730	5,897	8,430	4,580	1,527
Committed	1,808	2,087	3,548	2,374	566	189
Anticipated/Proposed	25,179	34,948	39,536	44,916	19,737	6,579
<b>Wind</b>						
Existing	7,481	8,815	9,729	10,409	2,928	976
Committed	1,993	1,101	1,546	2,536	543	181
Anticipated/Proposed	16,353	46,885	75,081	131,830	115,477	38,492

### The impact of government policies attracting private investment in renewables

- 6 The File Note says at paragraph 40 that Mr Harris made a number of observations about the table at paragraph 56 of the Applicants' Response. As regards each of these paragraphs:
- Paragraph a:** The Applicants agree with Mr Harris' understanding of what the 'adjusted GW' figure represents.
  - Paragraph b:** The Applicants accept the proposition made by Mr Harris and adjust their figures by 2 GW.
  - Paragraphs c and d:** For simplicity, the Applicants have disregarded these considerations because on balance, they negate each other and result in no net adjustment beyond the 2.0 GW accounted for in relation to Snowy 2.0 discussed above at 40.b.
  - Paragraph e:** The Applicants agree that existing gentailer renewable targets (12 GW across AGL, EA and Origin) are effectively 'locked in' so would not be additional to the policy interventions and would not contribute to closing the gap. The Applicants' plans to develop or procure the development of up to 13.7 GW of renewable generation and storage by 2033, however, would, as a direct result of the Proposed Transaction, result in an additional 9.7 GW of renewable generation and storage over and above what will be achieved through policy driven renewables interventions.
  - Paragraph f:** The Applicants acknowledge that LTESAs can provide some price certainty but note that the LTESA regime has not been tested at scale. ANZ, in its submission to the ACCC, emphasised that LTESAs are a valuable means of providing protection in an extreme wholesale price downside scenario, but that ANZ anticipates they will operate in conjunction with PPAs to secure commercial bank project financing.