



Meridian Energy Australia Pty Ltd
Level 15, 357 Collins Street
Melbourne VIC 3000

19 September 2019

Australian Energy Market Operator

Email: rro.bookbuild@aemo.com.au

Dear AEMO

Retailer Reliability Obligation – Consultation on Book Build Procedures Issues Paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Australian Energy Market Operator (AEMO) for the opportunity to provide comments on the Retailer Reliability Obligation – Consultation on Book Build Procedures Issues Paper (the Paper).

Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

The Energy Security Board's final detailed design and rules package states that AEMO will run a voluntary book build process if a T-3 instrument is issued. The intention of this voluntary scheme was to provide an opportunity for liable entities, particularly smaller entities, to secure qualifying contracts that are underpinned by physical resources. MEA Group is of the view that any voluntary book build process should be uncomplicated in the first year, to keep costs to a minimum, so the effectiveness of the scheme can be assessed for its use in future years.

Please find below our responses to the matters raised in the Paper.

1. The proposed approach for a minimal, cost-effective book build mechanism, subject to further development if warranted based on experience.

There are a range of financial markets and agents available for liable entities to engage with to buy and sell contracts in the NEM. For this reason, MEA Group is not convinced that there will be sufficient industry value created from a voluntary book build process. Therefore, AEMO should ensure that establishing a voluntary book build mechanism is kept simple with limited costs to industry.

2. The proposed criteria for accreditation to participate in the book build, limited to registered market participants and intending participants in the NEM, as well as opt-in customers already registered by the AER.

MEA Group broadly supports the proposed participation eligibility criteria.

3. The proposed minimum terms to be included in an offer listed by AEMO in a book build.

For a minimalist approach the terms as proposed generally provide sufficient information for buyers to assess contract availability and suitability. To keep costs low this appears to be an adequate level of information.

4. The proposed fee basis.

MEA Group supports fees being recouped by accredited parties on a user pays basis. This is consistent with the ESB's final rules package which state's that costs of the book build process will be levied on book build participants only. However, with the risk of low participation and insufficient cost recovery, funding shortfalls through AEMO's participant fee structure seem appropriate in the first year. As the participant fee structure may be required to fund cost shortfalls it is important to ensure AEMO provides guidance in relation to the costs to run the book build in the first year.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Justin Mulder
General Manager Energy Markets
Powershop Australia Pty Ltd
Meridian Energy Australia