

14 December 2018

Nicole Dodd
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Submitted electronically: nicole.dodd@aemo.com.au

Dear Nicole,

**AEMO 2018, Settlements Residue Auction, Secondary Trading-
Draft report**

EnergyAustralia is one of Australia's largest energy companies with around 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own, operate and contract an energy generation portfolio across Australia, including coal, gas, battery storage, demand response, solar and wind assets with control of over 4,500MW of generation in the National Electricity Market (NEM).

We welcome the opportunity to comment on AEMO's Settlements Residue Auction (SRA) rules to facilitate secondary trading. EnergyAustralia considers SRAs as an important tool in managing financial risk across regions in the NEM, ultimately providing value to customers.

We agree with Origin's proposal in their submission to the consultation paper.¹ That is, AEMO should continue to use participants existing trading margin to determine if the secondary SRAs present a credit risk at the time of the auction. If additional margin is required, AEMO can ask for further bank guarantees to be secured before allowing trading of secondary SRAs. As Origin highlights, participants are already familiar with this platform and have internal systems and process in place to manage AEMO's existing credit procedures.

While EnergyAustralia is generally supportive of the proposed changes in the draft report, we are concerned that requiring participants to utilise cash margins (as oppose to bank guarantees) may reduce the liquidity and benefits of the secondary market.

If you would like to discuss this submission, please contact Andrew Godfrey on 03 8628 1630 or Andrew.Godfrey@energyaustralia.com.au.

Regards

Andrew Godfrey
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EnergyAustralia

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¹ https://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/NEM-Consultations/2018/SRA/OriginSubmission-Secondary-Trading-of-SRAs-Consultation-Paper-30102018-Final.pdf