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Thursday, 10 May 2018

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



Dear Mr Pierce,

SUBJECT: ERC0232 Reporting of aggregate generation capacity for MT PASA

Macquarie Group Limited (**Macquarie**) welcomes the opportunity to provide this submission to the Australian Energy Market Commission's (**AEMC**) consultation on changes to the MT PASA.

Macquarie considers that it is important for the Australian Energy Market Operator (**AEMO**) to be able to prepare the MT PASA as effective and relevant for participants as possible, and supports AEMO's rule change request to remove the requirement to include the impact of network constraints in the reporting of aggregate generation capacity for MT PASA.

Macquarie also considers that the MT PASA could be further improved by introducing greater transparency about the availability of individual generating units. This could be achieved by a rule change to enable AEMO to report data on an individual generating unit basis in addition to the current MT PASA process of reporting aggregate generation capacity.

Macquarie's participation in the Australian energy sector

Macquarie participates in the energy industry in various capacities as principal and in support of clients, including as: an electricity retailer to very large energy users such as industrial and manufacturing operations and market participant in the National Electricity Market (**NEM**); a financier for, and investor in, and developer of, renewable energy assets and infrastructure behind and in front of the meter; and a financial intermediary and provider of over-the-counter electricity derivatives products in the electricity contracts market as well as a major clearing broker for ASX electricity futures contracts.

Increasing generation transparency

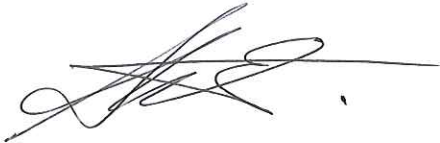
AEMO notes in its rule change proposal that the NEM has changed substantially since market start and that the MT PASA needs to evolve to support the changing needs of the market. At market start the MT PASA was conceived to primarily assist in the availability of physical generation. Since then it has evolved into one of the key sources of available data to support the trading of electricity financial products.

The current structure of the MT PASA does not address the information asymmetry between large generators, retailers and other financial market participants. It is more difficult for participants with smaller portfolios to accurately determine which individual units are available than it is for participants with larger portfolios.

Macquarie considers that the availability of each generation unit should be published in the MT PASA. We consider that this would improve transparency in the market and that this would improve the efficiency of both the physical and financial markets. Macquarie also notes that it would be consistent with the approach adopted for the Gas Bulletin Board under the NGL where data is published on an individual facility basis. Macquarie anticipates that there would be minimal cost for AEMO to make this information available as it currently receives the data on an individual unit basis and currently has to aggregate it before publishing.

Should you require any additional information please contact me (+61 2 8232 9744) or Navleen Prasad (+61 2 8232 6472)

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew McGrath', with a long horizontal line extending to the right.

Andrew McGrath
Executive Director, Commodities and Global Markets