



F2019/000343

17 July 2019

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Short Term Forward Market Rule Change (ERC0259)

Dear Mr Pierce

The Energy and Technical Regulation Division of the Department for Energy and Mining, South Australia (the Division) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Consultation Paper for the Short-Term Forward Market Rule Change.

We consider a primary advantage of the proposed rule change for end-use consumers is the possibility of increased demand response opportunities.

As detailed in the South Australian Government's October 2018 Wholesale Demand Response Mechanism Rule change proposal, the South Australian Government is keen to develop greater levels of demand response in the wholesale electricity market.

We therefore consider the Rules should promote greater opportunities for consumers to participate in wholesale demand response. This will result in increased competition in the wholesale electricity market which may potentially contribute to a decrease in prices and improved reliability in the electricity market.

The introduction of a Short-Term Forward Market is therefore supported on this basis, as we consider it may further improve demand side participation opportunities by giving demand side providers improved price signals, at times closer to dispatch. It will also provide the demand response participant with options to hedge in advance, and then adjust its position later on the Short-Term Forward Market, similar to generators.

Finally, the Division considers there to be benefits in using existing platforms (such as Trayport proposed by AEMO) given the potential for low implementation costs for AEMO and many other participants. AEMO also has the experience operating other wholesale energy markets such as the NEM spot market and the Gas Supply Hub, so should be considered a least cost option for operation of the proposed Short-Term Forward Market.

The Division looks forward to the AEMC's further consideration of these important matters over the remainder of the Rule Change process.

Should you wish to discuss the submission in further detail, please contact me on (08) 8429 3185.

Yours sincerely



Rebecca Knights
A/ Executive Director
Energy and Technical Regulation
Department for Energy and Mining