

22 May 2014

**Australian Energy Market Commission
National Electricity Amendment (Bidding in good faith) Rule 2014**

To Whom It May Concern:

GreenSync welcomes the opportunity to provide input to the public consultation on a rule change request submitted by the South Australian Government. The request proposes changes to provisions in the National Electricity Rules (NER) that govern the manner in which generators may offer electricity to the wholesale market.

As a demand side management company operating in the National Electricity Market (NEM), GreenSync occupies a niche segment of Australia's energy market and monitors daily price fluctuations in Australia's eastern markets. As such, the intent of the provisions for bidding in good faith, being to provide participants that rely on AEMO forecasts of supply and demand for a level of assurance that participants intend to honour their bids, is fundamental to the sustainability of our business.

Our role as demand side providers enables customers to benefit from fluctuations in wholesale electricity prices by utilising energy at certain price points. At times of peak demand, voluntary curtailment relieves pressure on large generators and contributes to the overall sustainability of the system. The existence of a functioning price signal that reflects market demand is therefore crucial to the ability of demand side companies to provide a financially viable alternative to supply-side initiatives.

We therefore have a direct financial and professional interest in a wholesale market that operates in a fair and transparent manner. By fairness, we expect that all participants abide by the NER and do not use their market position to manipulate the price of electricity for financial or other gains. By transparency, we expect that all participants should have visibility of each other's actions and in circumstances where behaviour is questionable, expect full disclosure of intent and actions to the relevant authorities for thorough investigation.

We have for some time now harboured concerns about suspect behaviour in the NEM, with the occasional inexplicable price shift leading us to question whether participants are complying with the good faith provisions. While the 2011 case of AER v Stanwell brought this issue to light, we believe this was not an isolated case and question whether strategic re-bidding is more widespread than is currently being acknowledged. In light of the Federal Court's ruling in favour of Stanwell, GreenSync accepts that a stronger framework to resolve apparent uncertainty about the interpretation and application of the provisions is required, whether by a rule change or by strengthening the enforcement of the existing provisions.

We believe a strong deterrent with significant consequences is required to send the message that market manipulation is not acceptable within the NEM. The harsh penalties that insider trading attracts for wilful wrongdoing in financial markets is a relevant comparison to the misconduct of energy market participants.

We believe there are others who are better placed to provide guidance on the detail of reforms but wish to reiterate our support for strengthening existing provisions which, if adequately implemented and enforced, should come at negligible cost and inconvenience to all market participants.

Yours sincerely
Dr. Phil Blythe
Managing Director