



The Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

September 11, 2008

**RE: Additional suggestions for consideration regarding Futures Offset Arrangements (FOAs)**

To whom it may concern,

It may be worthwhile for the AEMC to consider a modification on the FOA Rule Change Request to enable SFE Clearing Participants to enter into standalone commercial arrangements with NEMMCO in much the same way as a "Credit Support Provider" does currently, without being a NEM Participant (see NER s3.3.2 and s3.3.3). For example, the term "Futures Offset Support Provider" may be defined in a similar manner, to include SFE Clearing Participants. This would reduce an administrative barrier for SFE Clearing Participants, particularly if a schedule was made available in the Rules specifying mandatory inclusions (such as the proposed FOA cash flow calculation method and payment obligations) for such contractual agreements e.g. similar to providing details of a proforma letter of guarantee. The standalone contractual agreement between NEMMCO and the SFE Clearing Participant would not involve the Retailer nor involve any assignment of monies from the Retailer.

With regard to the FOA Amendment dated 3<sup>rd</sup> March 2008 from Australian Power & Gas, if such an amendment is implemented, it may be worthwhile for the AEMC to also consider:

1. amending the suggested formula for calculating FOA cash flow obligations from the SFE Clearing Participant, to reset the formula's "DSP<sub>n</sub>" futures price to the most recent SFE Daily Settlement Price if and when a Retailer draws on it's Security Deposit; and
2. for NEMMCO to advise the SFE Clearing Participant accordingly.

Yours Sincerely,

A handwritten signature in black ink that reads "Dean Price".

Dean Price  
General Manager

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