

29 August 2017

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

Lodged online via: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear John,

### **National Electricity Amendment (Secondary Trading of settlement residue distribution units) Rule 2017**

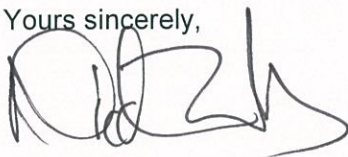
TransGrid welcomes the opportunity to respond to the AEMC's draft determination on the Secondary Trading of Settlement Residue Distribution Units rule change. TransGrid understands that the intent of the draft rule is to improve liquidity in the market for settlement residue distribution units by enabling the Australian Energy Market Operator (AEMO) to provide a platform for secondary trading of units.

TransGrid is the operator and manager of the high voltage transmission network connecting electricity generators, distributors and major end users in New South Wales and the Australian Capital Territory. TransGrid's network is also interconnected to Queensland and Victoria, and is central to interstate energy trading.

As a recipient of the proceeds from primary settlement residue auctions, TransGrid supports the AEMC's more preferable draft rule, and in particular, the reallocation of risk from transmission networks and consumers to secondary buyers and sellers. TransGrid considers that the AEMC's more preferable draft rule will provide greater certainty in residue distribution for transmission networks than Westpac's proposed rule, which will lead to less volatility in transmission pricing for customers. TransGrid is supportive of the secondary trading of residue distribution units only where this certainty is not undermined.

If you would like to discuss any matter raised in this submission, please contact Rebecca EI-Khoury on 02 9284 3299. We look forward to engaging further with the AEMC and other stakeholders on this rule change.

Yours sincerely,



Nicola Tully  
**Manager, Prescribed Revenue and Pricing**