



29 May 2014

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Submitted electronically

Dear Sir/Madam

**Re: ERC0163 National Electricity Amendment (Call Notice Timing) Rule 2014**

Lumo Energy welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's (the Commission) Consultation Paper entitled National Electricity Amendment (Call Notice Timing) Rule 2014 (rule change request) as proposed by the Australian Energy Market Operator (AEMO).

Lumo Energy currently retails gas and electricity in Victoria and New South Wales, and electricity in South Australia and Queensland. Lumo Energy is one of the largest second tier retailers.

Currently, if AEMO issues a call notice in the National Electricity Market (NEM) before 12pm or noon on a particular day, that market participant must respond to that call notice by 11am on the next business day.

However, under Section 3.3.13 (b) of the National Electricity Rules (NER), if a call notice is issued by AEMO after noon, the call notice is deemed to have been issued on the following business day giving that market participant an extra day to respond.<sup>1</sup>

AEMO's rule change proposes to amend Section 3.3.13 (b) of the NER to extend that time from 12pm to 1:00pm.<sup>2</sup> This would give market participants an additional hour to manage trading limit breaches before AEMO begins the process of drafting and approving the issuance of a call notice.

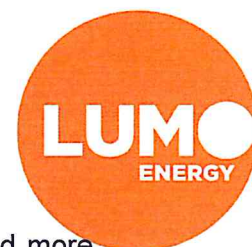
Lumo Energy considers the rule change request is consistent with the National Electricity Objective (NEO) for two key reasons:

1. The proposed rule reduces the risk that a market participant will be unable to respond to a call notice because of administrative issues. The consultation

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<sup>1</sup> Current obligation in the National Electricity Rules, rule 3.3.13(b): "If AEMO gives a call notice to a Market Participant after noon (Sydney time), then AEMO is deemed to have given that call notice on the next business day for the purposes of this clause."

<sup>2</sup> Proposed change to the obligation in the National Electricity Rules, rule 3.3.13(b): "If AEMO gives a call notice to a Market Participant after 1PM (Sydney time), then AEMO is deemed to have given that call notice on the next business day for the purposes of this clause."



paper makes it clear that Queensland-based market participants need more time to manage their prudential obligations during Australian Eastern Daylight Savings Time. Under the proposed rule, market participants will be given an additional hour to manage their trading limits breaches before AEMO begins the process of drafting and approving a call notice.

2. The proposed rule will give market participants an additional hour in which to leverage off their Sydney Futures Exchange (SFE) position in order to rectify any prudential issues. Market participants are presently not able to access settlements from the Sydney Futures Exchange (SFE) to help rectify a trading limit breach after 10:30 AM. This is the time at which AEMO begins its internal process before issuing that call notice at 12:00PM.

Lumo Energy notes that while the proposed rule change provides market participants with an additional hour to manage trading limit breaches by amending Section 3.3.13 (b) of the NER and extending the time from 12pm to 1:00pm, market participants would still need to respond to a call notice by 11AM the next day.

Lumo Energy suggests that there would be a "net benefit" to the market if the rule change gave market participants an additional hour to respond to the call notice on the next day. This revised proposal would ensure that all market participants still had 11 hours to respond to a call notice.

Lumo Energy thanks the Commission for the consideration of our submission. For any enquiries regarding this submission or to discuss this submission further, please contact Con Noutso Wholesale Regulatory Manager on 03 9976 5701.

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Mulder", written over a horizontal dashed line.

**Justin Mulder**  
General Manager, Wholesale  
Lumo Energy Australia Pty Ltd