

24 January 2007

Dr John Tamblyn  
Chairman  
Australian Energy Markets Commission  
Level 16, 1 Margaret St  
SYDNEY NSW 2001

By email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Mr Tamblyn,

### **Amendment to National Electricity (Reallocations) Rules**

Australia Power and Gas is a new entrant NEM retailer providing competitive choices for energy consumers in NSW, VIC and QLD. Funding of NEMMCO MCL guarantees constitutes one of the major costs (and impediments) of expanding retail operations in the NEM.

If the AEMC decides not to implement National Electricity Rule changes to define Futures Offset Arrangements (as requested and defined in the submission from the Group of 20 NEM Industry Participants) as part of the current "Amendment to National Electricity (Reallocations) Rules" process, Australian Power and Gas requests that the AEMC ensures that NEMMCO *effectively* establish Futures Offset Arrangements via NEMMCO reallocations, by the end of March 2007.

This outcome would provide an interim measure to prevent further delay in achieving widespread economic efficiency improvements through offsetting NEM Retailer spot market obligations with their electricity futures market hedges, until such time as Futures Offset Arrangements can be specifically incorporated in the National Electricity Rules via a separate Rule Change Request process.

Yours Sincerely,



James Myatt  
**Chief Executive Officer**