

EnergyAustralia

Bidding in good faith rule change proposal

AEMC public forum

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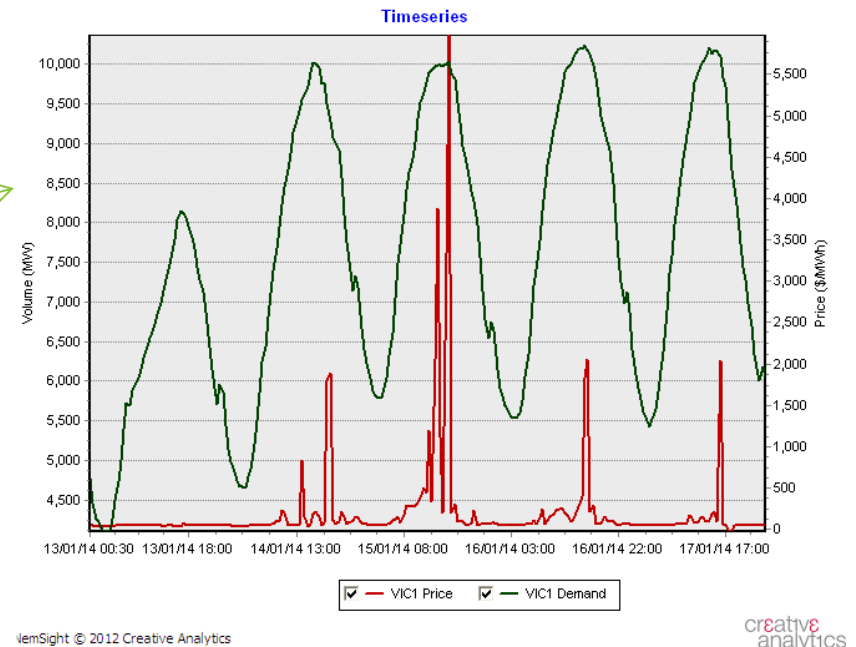
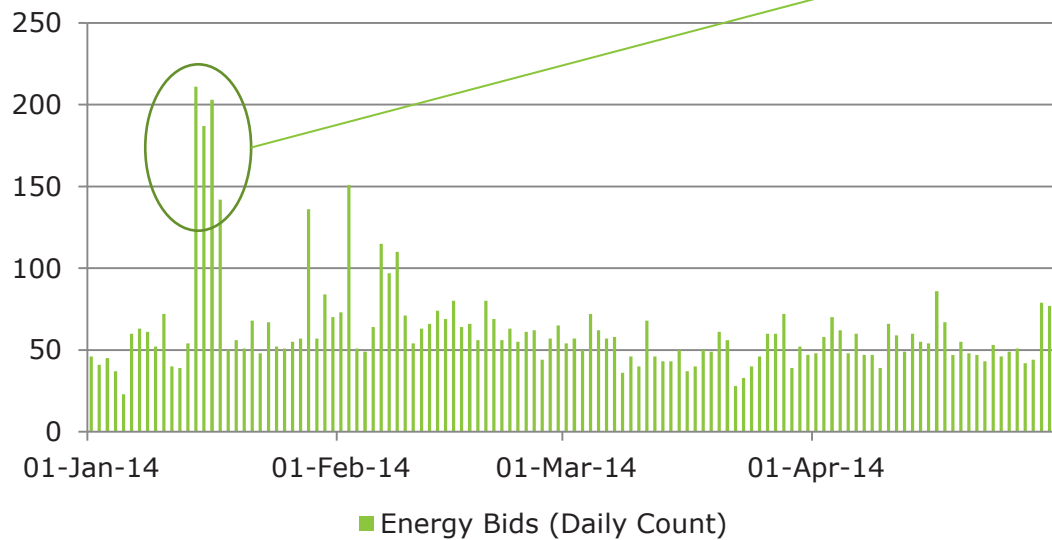
- **Reverse onus of proof:** a generator and individual trader is assumed to be guilty of an offence unless we can prove otherwise.
- **Threshold and burden of proof:** a trader must calculate and document in real time all 'material circumstances' and 'significant and quantifiable changes'
- **Professional judgement restricted:** 'subjective judgement' is an essential trading skill that creates value.

The proposal would restrict generators ability to bid and rebid with confidence reducing market efficiency



Dynamic bidding is essential for efficient dispatch and risk management

EA Energy Bids (Daily Count) - 2014



Traders must manage multiple complex factors in real time



Costs, benefits and proportionality need to be carefully considered

The proposal would increase costs and risk for generators and reduce market efficiency.

- Responding to revealed market changes more difficult
- Responding to anticipated changes before they occur will be almost impossible
- Compliance costs will increase exponentially
- Ability to attract and retain skilled people to trade will be compromised

No evidence of a material issue or problem has been provided

