

9 March 2009

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

Dear Dr Tamblyn,

Re: Futures offset arrangements – draft decision

The Energy Retailers Association of Australia (ERAA) appreciates the opportunity to comment on the Australian Energy Market Commission's (AEMC) draft determination on the Futures Offset Arrangement (FOA) rule proposal.

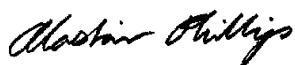
ERAA members are strongly supportive of measures that will increase the efficiency (and reduce the costs and risks) of the NEM prudential arrangements. In this vein the concept of a futures offset arrangement is supported.

We note the AEMC draft decision has identified a number of implementation questions related to the current FOA proposal, and that on this basis the draft decision is to not implement the rule. In addition the AEMC has commenced a review process (which the ERAA has invited to participate in), which aims to examine the implementation questions in more detail, and seek to identify a mechanism by which efficiency potential of the FOA proposal to be realised.

The ERAA supports this draft decision, and looks forward to continue active involvement in the review process with the aim of identifying a workable FOA implementation and pursuing any other efficiency's that can be identified in the NEM prudential regime.

If you require any further information in relation to this matter please feel free to contact me on (02) 9437 6180.

Yours sincerely



Alastair Phillips
Acting Executive Director
Energy Retailers Association of Australia