



Meridian Energy Australia Pty Ltd  
Level 15, 357 Collins Street  
Melbourne VIC 3000

20 February 2020

Ms Daniela Moraes  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Reference: GPRO007

Dear Ms Moraes

### **2020 Biennial Review into Liquidity in Wholesale and Gas Pipeline Trading Markets**

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Australian Energy Market Commission (AEMC) for the opportunity to provide comments on the AEMC's 2020 Biennial Review into Liquidity in Wholesale and Gas Pipeline Trading Markets Scoping Paper (the Paper).

#### Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

#### General Comments

Powershop generally support the AEMC's approach to reviewing liquidity, including the metrics outlined in Table 1 of the Paper. Sufficient liquidity in the east coast gas wholesale markets facilitates the hedging of a retailer's exposures and promotes fair and representative prices for end consumers. Powershop particularly promotes the review of liquidity measures in the medium term, i.e. 12 to 24 months. This is a period where retailers are actively securing contracts to manage existing customer demand or setting prices for new retail products.

Powershop notes that assessing liquidity of a product at a single point, without considering the connecting elements of the gas supply chain, may prove to provide an incorrect observation of how liquid the market is. Due to market structure, the effectiveness of the market to deliver positive outcomes can be limited by insufficient liquidity, in any part of the supply chain(s) that make up the facilitated markets and other physical, or financial markets that enable participants to trade gas, pipeline capacity or other related services. Powershop suggests the AEMC should avoid reviewing the individual markets and products (such as commodity and transportation) in isolation where possible.

Powershop also believes it is worth investigating how contract tenures of different products, such as Authorised Maximum Daily Quantity in the Declared Wholesale Gas Market, impact on the liquidity and willingness of participants to interact with other areas of the market.

Powershop looks forward to reviewing the draft paper and welcomes the opportunity to provide feedback on market fundamentals such as liquidity. If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



Justin Mulder  
Head of Energy Markets  
Powershop Australia Pty Ltd  
Meridian Energy Australia