

29 March 2016

Mr John Pierce  
Chairman, Australian Energy Market Commission  
Level 6, 201 Elizabeth Street  
Sydney NSW 2000

Submitted online via the AEMC website

Dear Mr Pierce,

**RE: Discussion Paper- Review of the Victorian Declared Wholesale Gas Market (GPR0002)**

CovaU Pty Limited (CovaU) appreciates the opportunity to provide comments to the Australian Energy Market Commission (AEMC) on the Discussion Paper issued in relation to the Victorian Declared Wholesale Gas Market (DWGM) Review.

CovaU is an Australian energy retailer founded in 2013 that operates in New South Wales and Victoria, in both electricity and gas markets. Typically our customers are residential and small-to-medium size businesses across the two states. We are a relatively new entrant to the Victorian DWGM and have been a trading participant since August 2015.

CovaU welcomes AEMC's review of the east coast gas markets and the opportunity to provide our input. We wholly supports the COAG Energy Council's 'Vision' of a liquid wholesale gas market – including the ability to readily move gas between trading locations and for a financial gas trading market to develop. Accordingly, we see merit in addressing the shortcomings identified by AEMC in the current gas systems. In respect of the DWGM, we appreciate the objectives that AEMC is trying to achieve by its proposals.

However, our concern is that AEMC's significant changes proposed to the Victorian DWGM are unlikely to bring about a liquid and transparent market especially during the initial transition period, would potentially deter new entrants, particularly retailers, and likely to be extremely costly to design and implement. Furthermore, we believe the changes proposed will lead to increased costs incurred by gas consumers in the longer term, an outcome inconsistent with the National Gas Objective. We would like to recommend that AEMC reconsiders its approach, and considers developing more incremental and targeted improvements that build on the proven strengths of the existing DWGM arrangements, to achieve the National Gas Objective and COAG Energy Council's vision.

Please feel free to contact me if you would like to discuss our submission on (02) 9009 6809.

Sincerely,



**Sam Wunnacharoensri**  
Wholesale Portfolio Manager  
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