



Meridian Energy Australia Pty Ltd
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Australian Energy Market Commission
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Email: aemc@aemc.gov.au

Dear Australian Energy Market Commission

GRC0050-DWGM Forward Trading Market

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 DWGM Forward trading market rule change request (Rule Change Request).

The MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Mercer and Mt Millar wind farms. Subsequently, in early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have also 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. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Establishment of a Forward-Trading Market

The MEA Group does not support the proposed changes associated with the establishment of a short-term trading market for gas in Victoria, as described in the Rule Change Request. The MEA Group, through its operation and direct involvement within the Victorian gas market, are of the view;

- the ASX Victorian gas futures market is maturing;
- there is sufficient liquidity in the gas OTC markets between market participants and gas producers/re-sellers;

- there has been limited market benefit associated with the recently introduced Capacity Trading Reforms. These reforms provide a recent example of a large-scale effort in efficiency promotion. The complexity of these reforms acted to limit the uptake and involvement of many participants. The Capacity Auction registration requires a large amount of business resources to review and conform to the various documentation and agreements (which comprise of over 1,000 pages); and
- the MEA Group's experience in such reforms suggests a forward-trading market may also be discouragingly complicated in nature with little observable benefit.

As a relatively new entrant to the market, with less perceived wholesale capability than other larger, more established participants, the MEA Group believe it can effectively manage its own price risk with the currently available transportation and gas supply agreements, despite linkages to world gas markets and increased complexity of the Australian domestic gas market.

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
Meridian Energy Australia
Powershop Australia