

20 November 2024

**Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000**

**ATTN: Sebastien Henry
ERC0403 Project Sponsor,**

Ref: Rule Change – ERC0403

Dear Sir,

This letter is MTA's submission in support of the rule change request.

Background:

MTA Energy is an electricity retailer delivering its retail model to commercial and industrial customers across all jurisdictions in the NEM.

Our experience is from the perspective of providing Bank Guarantees to support our Prudential obligations as a Market Participant to AEMO.

Question 1.

The current option available for credit support is via a very restrictive and very prescribed form which is only available from a small number of AEMO approved banks.

The process of arranging the AEMO form bank guarantee is cumbersome and generally requires a form of security to the bank which is cash or property backed.

Since the MCLs are reviewed regularly the process is repeated regularly and is subject to changing bank appetite for the sector.

This is ultimately restrictive on new entrant service providers to the market.

Question 2.

If cash was accepted directly by AEMO for credit support, it would enable more new entrants into the sector and increase competition.

It would also remove additional bank fees and reduce the cost of service for retailers.

Question 3.

AEMO already handles cash for short-term Security Deposits when a Trading Limit is exceeded. The same systems would apply.

The prudential requirements of the NEM should not be used as a tool to reduce emissions. This is a separate subject to the financial management obligations of market participants.

Question 4.

No Comment.

Question 5.

See response to Question 3. AEMO already handles cash, so it is not clear why transitional rules would be needed.



MTA Energy

Question 6.
No Comment

Question 7.
No additional comments.

Yours Sincerely,

Gareth J Mann
Managing Director
MTA Energy Pty Ltd