



Date: 14 December 2009

Dr John Tamblyn
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney, NSW 2000

Dear Dr Tamblyn,

Transparency of Operating Data Rule Change

Ignition Energy Investments ("Ignition") is a specialist Energy Investment Company based in Melbourne, Australia. Operating in the NEM since 2007, Ignition is managed by an investment team with an average of almost 10 years experience in energy across Australia and the Pacific Rim.

Our goal is to deliver value to investors through the strategic deployment of capital, gaining diversified exposure to Australasian wholesale energy, carbon and renewable markets. Part of our core business is to provide risk management services to the NEM, and as such timely and accurate market information flows are essential to the accurate assessment of risk and value. Ignition Energy Investments is, through wholly owned subsidiary Electrade II Pty Ltd, a registered Trader Class participant in the NEM.

Under section 95 of the National Electricity Law, the Australian Energy Market Operator (AEMO) has requested the Transparency of Operating Data Rule proposal (Project Ref. ERC0096). The proposal seeks to change the publication timing requirements for National Electricity Market operating data.

Based on the AEMO rule change proposal dated 30th October 2009, Ignition understands that the change will be to allow:

- (a) AEMO to publish operating data for the current 5 minute dispatch interval
(a change from current process where the data is published one day in arrears)

Ignition Energy Investments understands that this relates to all currently published market dispatch data, including but not necessarily limited to:

- Scheduled dispatched generation
- Semi-scheduled dispatched generation
- Non-scheduled dispatched generation
- Dispatched network services
- Dispatched load

In writing this submission, Ignition will address some of the questions outlined by the AEMC in the *Consultation Paper – Transparency of Operating Data*. In order to reduce the

length and repetitiveness of this submission, we have distilled down the Commissioner's 12 questions to the following 4 against which we have provided comment.

1. Is there an issue with the current arrangements that should be addressed by amending the Rules, will transparency be improved and will this contribute to achievement of the national electricity objective?

Ignition Energy Investments supports this proposal, and agrees with AEMO's assessment that the proposal will help to promote National Electricity Objective through improved transparency and information symmetry in the market place. Information is a key component of increasing competition, so long as barriers to entry enable market signals to be acted upon by prospective participants. So while increased transparency is not the only component, Ignition does have the view that increased and broad transparency of market data does assist in the achievement of the national electricity objective.

Ignition does not have a view as to whether this needs to be addressed by a rule change, but Ignition does hold the view that it should be implemented and that it should be done in such a way as to provide the lowest cost means of market information symmetry to participants.

2. What impacts are the proposed Rule changes likely to have on stakeholders ?

AEMO has the market data available in the current 5 minute interval, and hence the costs associated with moving forward the publishing of this information to the market should be low. There will be some costs to participants, with system and resource changes to manage internally the change in publishing timeframe and the impact of this on business operations. Ignition will incur some costs from system and operational changes, but we would expect these to be small.

3. Discuss if publication of the NEM operating data in dispatch time would have any detrimental impacts on the NEM or its participants.

The one concern that Ignition thinks some participants may have with this proposal relates to the potential for some generators at certain times to be able to use the real time dispatch data to exhibit some degree of market power. Conceptually, this could happen because more information is now available on the value of variables contained within network constraints. This could allow generators to back-solve the bids required from generating units under their control to cause a network constraint to bind (or indeed to remove such a constraint if it is binding).

Ignition Energy believes generators are already able to engage in modifying bids to force or indeed reduce periods of binding constraints. A number of factors from geography to plant characteristics mean that there is an asymmetry in how often generators can force price separation due to constraints. This rule change will not change that, as it is a characteristic of the NEM design as it stands today. However, it arguably will reduce the uncertainty for participants who engage in this type of action by making more constraint parameters known to them in real time.

Ignition's view is that it is reasonable to assume that the parties who stand most to gain from having this information are some of those who have sourced it from other providers or sources already. Thereby, the broad public release of the market data by AEMO will not so much equip generators to increase incidence of market power, but more over better equip others to compete on a fair and even basis while still providing the correct signals for future investment.

4. Discuss what details should be published in dispatch time, and why? What level of aggregation? Who should the details be made available to?

Ignition is happy with AEMO's proposed implementation timeline. Ignition accepts that AEMO will have system and operational procedures to change to accommodate the publication of a greater volume of 5 minute dispatch data.

Ignition sees that there are two choices relating to who should be able to access the market data. Firstly, all registered market participants or secondly make it all publicly available.

Ignition is a registered participant (Trader class), but Ignition does not see any valid reason why the data should not be publicly available and also available through normal market participant portals (such as AEMO server replication and NEMnet).

Ignition does not favour aggregation. The level of aggregation useful to different participants will vary and hence Ignition sees it as each participants responsibility to aggregate or otherwise using their own or third party software.

Conclusion

Ignition Energy Investment's believes this proposal is a positive way forward for the market as a whole. It ultimately should reduce costs to the industry, will improve transparency and ultimately help to encourage competition in the market.

Yours sincerely



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Executive Director

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