

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235



Submitted online at www.aemc.gov.au

3 June 2015

**RE: National Electricity Amendment (Bidding in Good Faith) Rule
2014 – Draft Determination**

AEMC Ref: ERC0166

Dear Commissioners,

Thank you for the opportunity to comment on the Draft Determination for the proposed change to the National Electricity Rules (NER).

As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities like electricity impacts greatly and disproportionately on vulnerable and disadvantaged people. Our advocacy is informed by our members; organisations and individuals who witness these impacts in our community.

SACOSS made detailed submissions to the Consultation Paper and Options Paper for this Rule Change in May 2014 and February 2015 that emphasised our concerns regarding the exercise of market power in South Australia.

SACOSS generally supports the draft determination in proposing to amend the relevant provisions in the National Electricity Rules although there is one matter about the Commission's proposal which raises concern. This is regarding the South Australian Government proposal to exclude the non-fulfilment of a trader's subjective expectations as a change in material circumstances that could justify a rebid.

SACOSS is extremely concerned that the rules as proposed cannot prevent or hinder repeated attempts by a trader to cause price spikes by shifting capacity into higher price bands. We understand that the SA Government proposed to prevent this behaviour by amending clauses 3.8.22A(e) and (f) of the Rules to describe the circumstances under which a trader is permitted to rebid. The clause would have prevented a participant from varying its bids unless it does so in response to a *significant and quantifiable change in price, demand or other data published by AEMO in respect of that trading interval, or a change in other material circumstances*. SACOSS also understands that a note was proposed to be

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included under this clause which would clarify that where a trader expects a change to occur following its own rebid but that change does not eventuate, that is not a change in “material circumstances”.

SACOSS believes the draft determination does not adequately address this issue of subjective expectations and considers it appropriate for the final determination to address this issue. Specifically, SACOSS supports the above aspects of the South Australian Government Rule Change Proposal.

SACOSS also wishes to comment on the reporting obligations provided for in the Draft Determination. SACOSS believes these are a good response to the problem as they mean that the AER will have the power to set clear guidance on what should be reported. SACOSS is strongly of the view that they will not be too onerous as they provide participants with greater certainty. It is also imperative that the obligations not be too light and SACOSS believes the draft determination strikes the right balance in this respect.

We thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'RWomersley', with a large, sweeping flourish underneath.

Ross Womersley
Executive Director