

Ref. CP/MM

11 February 2010



Ms Lisa Nardi
Australian Energy Market Commission
PO Box A2449
SOUTH SYDNEY NSW 1235

97-99 Adelaide Street
Maryborough QLD 4650
PO Box 163
Maryborough QLD 4650
Telephone 13 10 46
Facsimile 07 4123 1124
Website www.ergon.com.au

Dear Ms Nardi

Consultation Paper: Carbon Dioxide Equivalent Intensity Index

Ergon Energy Queensland Pty Ltd (Ergon Energy) welcomes the opportunity to provide comment on the *Consultation Paper: National Electricity Amendment (Publication of a Carbon Dioxide Equivalent Intensity Index for the National Electricity Market) Rule 2009* (Consultation Paper).

Ergon Energy supports the formalisation of a Carbon Dioxide Equivalent (CO₂-e) Intensity Index for the National Electricity Market (NEM) for use by Market Participants as a reference point for their commercial trading negotiations. It is appropriate that this index is established, maintained, updated and published by the Australian Energy Market Operator (AEMO), supported by explicit obligations under the National Electricity Rules.

In relation to the issues raised in the Consultation Paper, Ergon Energy comments that:

- The intensity factor applied by participants when entering into over-the-counter (OTC) transactions will necessarily vary with the level of information that is published by AEMO. That is, if it is proposed to publish the emission factors of individual generators, parties will necessarily wish to rely on this underlying information when determining the mark-up on a contract due to carbon, rather than the resulting single value index. If the intention is for parties to rely on the CO₂-e Intensity Index alone, then input data regarding the emission factor of market generating units and scheduled generating units should remain confidential between the relevant generator and AEMO.
- There is a need for a detailed specification by AEMO in the Greenhouse Intensity Index Procedures as to the means by which it proposes to derive the emission factors, including the nature of the publicly available information that may be relied upon and the estimation methodology that would be applied in the absence of verified data. The integrity of this information becomes particularly important if, as raised above, individual emission factors are to be published.

If you require additional information or wish to discuss any aspect of this submission, please contact Ms Mary Martin on (07) 4727 5754.

Yours sincerely

A handwritten signature in blue ink that reads "C. A. Price".

Carmel Price
Group Manager Regulatory Affairs

cc: Mary Martin, Senior Regulatory Analyst