

# 2025 MLO exchange annual review and new applications

## Consultation note

### Retailer Reliability Obligation and Market Liquidity Obligation background

The Australian Energy Regulator (AER) has several responsibilities under the Retailer Reliability Obligation (RRO) in Chapter 4A of the National Electricity Rules (Rules).

The Australian Energy Market Operator (AEMO) will identify any potential reliability gaps in each National Electricity Market (NEM) region in the coming 5 years using its Electricity Statement of Opportunities. If AEMO identifies a material gap 3 years and 3 months out, it will apply to the AER to trigger the RRO by making a reliability instrument. Ministers for jurisdictions within the NEM can also trigger the RRO for their respective jurisdictions.

If the RRO is triggered, at T-3 (3 years out) the Rules require the obligated parties in the relevant region to commence making bids and offers for Market Liquidity Obligation (MLO) products on the MLO exchanges within 5 business days.

The MLO is a market making requirement designed to facilitate transparency and liquidity in the trading of electricity futures contracts relating to a forecast reliability gap.

The MLO operates between T-3 and T-1 (one year out) when the RRO is triggered. The MLO provides a source of qualifying contracts for liable entities to purchase to help them meet their RRO contracting requirements. Parties obligated under the MLO are required to post bids and offers, with a maximum spread, on an approved exchange for standardised products that cover the period of the gap.

### MLO exchange review and MLO applications

A MLO exchange is a trading facility that is approved by the AER to facilitate the trading of MLO products. The Australian Securities Exchange 24 (ASX 24) is currently the only approved MLO exchange following the AER's revocation of FEX Global's registration as a MLO exchange in July 2025.<sup>1</sup> The AER is required to undertake an annual review of approved MLO exchanges and may revoke the registration of any MLO exchange if the AER determines that a MLO exchange no longer satisfies the criteria set out in clause 4A.G.23.

In late May 2025, Time of Day Markets (TOD Markets) applied to become a MLO exchange on which obligated parties (MLO groups, MLO generators and liable entities) can trade MLO products (see application published on the AER website).

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<sup>1</sup> On 18 July 2025, following FEX Global giving notice of resignation as a MLO exchange, the AER revoked FEX Global's registration as a MLO exchange under clause 4A.G.23(f) of the Rules.

Therefore, the AER is seeking stakeholder views on:

- whether the ASX 24 continues to meet the criteria set out in the Rules
- whether TOD Markets' MLO exchange application meets the criteria set out in the Rules
- implications of approving additional MLO products (see p. 3 of this consultation note).

### **MLO exchange criteria**

Clause 4A.G.23(f) of the Rules and the AER's Interim Market Liquidity Obligation Guidelines (MLO Guidelines) set out the annual review process of MLO exchanges the AER is required to undertake. During the annual review process, the AER assesses each approved MLO exchange against the criteria set out in clause 4A.G.23(d) of the Rules. The same criteria apply to new MLO exchange applications.

In deciding whether to approve a trading facility, the AER must consider the following criteria:

- all MLO products (other than any MLO product approved under clause 4A.G.22(b)) are able to be bought and sold on the trading facility (clause 4A.G.23(d)(1))
- the trading facility has an adequate volume of trading and diversity of participants (clause 4A.G.23(d)(2))
- the rules of the trading facility include (or will include) appropriate rules to allow MLO generators to perform a liquidity obligation (clause 4A.G.23(d)(3))
- the trading facility has appropriate credit and prudential arrangements (clause 4A.G.23(d)(4))
- the costs and ease of trading on the trading facility are reasonable (clause 4A.G.23(d)(5))
- the AER has a reasonable expectation that the relevant MLO products will be traded on the trading facility (clause 4A.G.23(d)(6))
- the operator of the trading facility can provide relevant trading data to the AER when requested, for the purposes of monitoring compliance with Division 8 (clause 4A.G.23(d)(7))
- the operator of the trading facility holds all licences and approvals required by law to operate the trading facility; (clause 4A.G.23(d)(8))
- any other relevant criteria set out in the MLO Guidelines (clause 4A.G.23(d)(9)). Note, as at the time of publication of this consultation note, there are no further criteria specified in the MLO Guidelines.

### **Question 1**

To what extent does ASX 24 continue to meet the criteria set out in clause 4A.G.23(d)?

### **Question 2**

To what extent does TOD Markets satisfy the criteria set out in clause 4A.G.23(d)?

**Question 3**

What are the benefits of having an additional MLO exchange?

**Question 4**

Are there any other issues or feedback the AER should consider as part of its review of TOD Markets' MLO exchange application?

**Approval of additional MLO products**

Approved MLO products (that comply with clause 4A.G.22(a) of the Rules) currently include base load futures, peak load futures and caps. The MLO Guidelines state that approved MLO products must be traded on an approved MLO exchange.

The Rules allow the AER to approve additional MLO products (that do not comply with clause 4A.G.22(a) of the Rules)<sup>2</sup> to allow for continued innovation of exchange-traded products over the longer term.

TOD Markets has applied for the AER to approve some of its financial products as MLO products in conjunction with its application to become a MLO exchange (see application published on the AER website).

The AER is also considering ASX 24's application for the AER to approve its new morning and evening peak products as MLO products to be traded on ASX 24 (see product specification sheet published on the AER website).

When considering approval of additional MLO products, the AER may have reference to the following criteria as stated in the MLO Guidelines:

- the firmness of the product as per the principles stipulated in the Contracts and Firmness guidelines
- the availability of the product on the exchange (for new or emerging exchange-traded products)
- the traded volume of the product
- the coverage of the product in relation to a reliability gap period.

**Question 5**

Would approval of additional MLO products assist obligated parties in meeting their requirements under the MLO? Are there any issues the AER should consider as part of its consideration to approve additional MLO products?

**Question 6**

Should the proposed products be approved as MLO products? To what extent do they meet the criteria specified in the MLO Guidelines?

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<sup>2</sup> Clause 4A.G.22(b) of the Rules.

## Outcomes of this consultation

Stakeholder feedback will be considered by the AER to:

- conclude the 2025 MLO exchange review
- determine whether to approve TOD Markets as a MLO exchange and its identified financial products as MLO products for trading on TOD Markets
- determine whether to approve ASX 24's new peak products as MLO products for trading on ASX 24.

Following the consultation and review, the AER will maintain the register of approved MLO exchanges and MLO products on the AER website by updating it as required.

## Invitation for submissions

Interested parties are invited to make submissions on this consultation paper by **close of business, Thursday 28 August 2025**.

Submissions should be sent to: [rro@aer.gov.au](mailto:rro@aer.gov.au)

Alternatively, submissions can be sent to:

Natalie Elkins  
General Manager, Market Performance  
Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601

Submissions should be in PDF, Microsoft Word, or another text readable document format.

We prefer that all views and comments be publicly available to facilitate an informed and transparent consultative process. Views and comments will be treated as public documents unless otherwise requested. Parties wishing to submit confidential information should:

- clearly identify the information that is the subject of the confidentiality claim
- provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential information will be placed on the AER website. For further information regarding the use and disclosure of information provided to the AER, see the [ACCC/AER Information Policy \(June 2014\)](#).

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