

Submission to the Australian Energy Regulator
for Recognition of TOD markets as a Market-Liquidity-Obligation (MLO) Venue

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TOD Markets submission to the Australian Energy Regulator

for:

1. *Recognition of TOD Markets as a Market-Liquidity-Obligation (MLO) Venue*
 2. *Recognition of Evening Peak 4pm -8pm, Flat Swap, \$300 Cap and \$600 Cap Electricity Contracts Traded on TOD Markets as Market-Liquidity-Obligation (MLO) Products*
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1 Executive Summary

TOD Markets is an Australian-licensed digital OTC broker, developed to provide transparent electricity derivative price discovery, support the renewable energy transition, and improve liquidity in the National Electricity Market (NEM).

Since launching on 6 January 2025, TOD Markets has:

- Registered 33 wholesale OTC participants, including all major generators, retailers, storage operators, and active OTC trading entities;
- Processed over 8,800 orders and matched over 278 trades, representing 1.7 million MWh of traded volume.

These metrics demonstrate consistent depth and diversity of market activity, aligning with the intent of **NER 4A.G.23** and the AER's MLO Guidelines. TOD Markets therefore requests formal recognition as an MLO Venue and recognition of the listed contracts as eligible MLO Products. This will allow obligated entities to meet MLO obligations via existing ISDA-based bilateral credit relationships—offering a viable alternative to margin-based exchanges and enhancing access to shape-appropriate risk management tools.

2 About TOD Markets

TOD Markets was established to bring transparency, standardisation, and efficiency to Australia's traditionally opaque OTC electricity derivatives market.

Founded by an experienced electricity trader with deep expertise in risk management, TOD Markets was designed to provide transparency and price discovery in response to growing challenges in intraday volatility, RRO exposure, and firming needs.

By introducing standardised Time-of-Day contracts—including the Evening Peak (4pm–8pm), Flat Swaps, and \$300 / \$600 Caps—TOD Markets enables the construction of forward curves that reflect the true value of electricity across different times of day and tenors.

These shaped derivatives support participants with diverse portfolio configurations—baseload, solar, battery, wind, or gas peaking—by providing the tools to hedge efficiently and accurately.

The resulting price signals support prudent operational decisions, efficient capital allocation, and informed investment in firming technologies, thereby contributing to the NEM's decarbonisation and reliability objectives.

Item	Details
Market model	TOD Markets is an OTC Introducing broker and never acts as principal.
	OD Markets does not hold client funds or settle trades.
	Transactions are firm and become legally binding via ISDA bilateral agreements.
Access	Wholesale participants whom have established OTC bilateral relationships and qualify through the registration process have trading access.
	Onboarding can be achieved in a few business days.
	Data packages including live market data observations are available to qualifying customers.
Governance	All participants must sign a Client Agreement with TOD markets and agree to the terms as published in the Operating Rules & Procedures.
Prudential controls	We have made details of our prudential controls available to the AER privately.
	All market participants are aware of how prudential controls operate as per their Client Agreement and operating rules and procedures.

3 Products Proposed for MLO Recognition

All products are bilateral and financially-settled CFDs against the AEMO Regional Reference Price.

TOD lists 8 rolling Quarterly contracts and 5 Annual rolling FY and CY contracts currently available out to 2031.

TOD products are available across all NEM States: QLD, NSW, VIC, SA & TAS. Where Reliability Gaps occur in other states, we are future proof and prepaid to facilitate.

Product	Core specification	Reliability-gap relevance
Evening Peak (EP)	4 pm – 8 pm AEST; 1 MW/h lot size	Cover most extreme part of the 3–9 pm / 3–10 pm RRO gaps.
Flat Swap (FD)	24-hour traditional Flat	Provides full-day hedge benchmark.
\$300 Cap	Flat cap, \$300/MWh strike	Standard volatility hedge for spot pricing above \$300.
\$600 Cap	Flat cap, \$600/MWh strike	Extreme-price protection aligning with APC levels.

4 Alignment with Interim MLO Exchange-Recognition Criteria (NER 4A.G.23(d); Guideline § 3.2.1)

The Australian Energy Regulator’s Interim Market-Liquidity-Obligation (MLO) Guidelines (NER 4A.G.23(d); § 3.2.1) set the functional criteria that any venue must satisfy to be recognised for MLO compliance.

TOD Markets meets each criterion, as summarised in the table below

Criterion	TOD Markets Response (abridged)
MLO products tradable	The following products support the RRO: Evening Peak, Flat Swap, Flat \$300 Cap, Flat \$600 Cap are currently listed across all NEM states
Trading volume & participant diversity	Registered 33 wholesale OTC participants, including all major generators, retailers, storage operators, and active OTC trading entities; Processed over 8,800 orders and matched 276 trades, representing 1.7 million MWh of traded volume in the first 6months.
Rules allow continuous offers	Operating Rules permit standing bids/offers and firm real time execution.
Transparent pricing	Live anonymous depth-of-book visible to all users.
Cost & ease of access	Digital onboarding; no material barriers. (Detailed fee schedule withheld; available confidentially.)
Data provision to AER	Order/trade files or API feed with legal-entity identifiers, price, volume and timestamp can be provided to the AER for MLO obligation audit purposes.
Regulatory status	AFSL 548 573 (CAR 001 311 315).
Credit & prudential controls	Details provided to the AER. Further information available confidentially as per request.

5 Support for Retailer Reliability Obligation

- **Evening Peak** 4pm- 8pm overlays the typical RRO reliability gap most exposed time of day, enabling obligated generators to post standing offers that meet volume-and-spread requirements.
- **Flat Swaps and Caps** allow retailers to manage aggregate load and price-spike risk across the assessment period, complementing exchange-listed base/peak futures.

6 Prudential Risk Management

Participants retain full control of counterparty exposure through live approved-counterparty lists and reciprocal permission enforcement. This mirrors standard OTC practice while eliminating any clearing-house dependency.

7 Data Integrity & Audit Readiness

All orders and trades are stored in an immutable, time-stamped ledger. Post-match amendments to economic terms are prohibited; any commercial change to contracts requires voiding and re-entry, preserving audit fidelity for AER monitoring.

8 Benefits to Market Participants and the AER

- **New OTC pathway for MLO compliance** – Recognition of TOD Markets gives participants a qualified OTC venue for meeting their MLO obligations, allowing them to leverage existing bilateral ISDA relationships while adding liquidity and transparency to the OTC market.
 - **Broader product set for obligated entities** – Standardised TOD Evening Peak, and \$600 Cap contracts give participants a broader set of tools to reliability-gap exposures, letting them choose the hedge that best matches their risk profile rather than relying solely on base or traditional peak exchange futures.
 - **Immediate, low-friction compliance** – A ready-to-use platform eliminates uncertainty for obligated entities ahead of upcoming reliability gaps.
 - **Greater market transparency** – Live depth-of-book and published forward curves deliver richer price discovery than pure voice broking, supporting more accurate valuation and risk management.
 - **Operational efficiency** – Automated trade-and-order exports integrate directly into internal compliance systems, reducing manual reporting overhead for both participants and the AER.
 - **Scalable liquidity model** – Standardised shaped products (Evening Peak, Flat Swaps, Caps) provide a foundation for growing liquidity in storage-driven and other emerging hedging strategies.
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9 Conclusion

TOD Markets already performs every functional requirement of an MLO venue—liquidity, transparency, prudential safety and robust data access.

Formal recognition will provide obligated parties with an immediately available, pathway to meet MLO obligations and will strengthen price discovery for shaped risk products critical to a renewable NEM.

Please be advised that not all our products or information is available in this document to protect IP.

All necessary information has been made available to the AER and please feel free to contact us directly to discover more at support@todmarkets.com.au

Submitted on behalf of TOD Markets Pty Ltd (ABN 32 675 980 604)