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9 May 2019

Mr Peter Adams  
General Manager, Market Performance  
Australian Energy Regulator  
By email to [RRO@aer.gov.au](mailto:RRO@aer.gov.au)

Dear Mr Adams

### **Draft Interim Market Liquidity Obligation (MLO) Guideline for the Retailer Reliability Obligation**

Ergon Energy Queensland Limited (Ergon Energy Retail) welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its Draft Interim Market Liquidity Obligation Guideline (the Interim Guideline).

While Ergon Energy Retail is largely supportive of the Interim Guideline, we provide the following specific comments:

- **3.2.1 MLO Groups and MLO Generators**

Ergon Energy Retail is of the view that power purchasing agreements and settlement agency agreements should be taken into account when regarding the group share of generation in a region if held within a portfolio containing base load generation. Although these agreements may be non-firm/semi scheduled generation, this would provide an offtaker who has baseload generation the ability to adjust output of base load generation and therefore impact price. As such, this semi scheduled generation would be visible in a portfolio and therefore should be included in the MLO calculation.

- **3.3 MLO Register**

Ergon Energy Retail maintains its view, as expressed in its prior submission on the MLO, that Queensland should have a minimum of three obliged MLO parties.

- **4.1 MLO Products**

While draft Rule 4A.G.22 of the draft National Electricity Rules (NER) specifies that a MLO product is an electricity futures contract which has a contract unit of 1 megawatt (MW) of electrical energy per hour for either a specified baseload or peak load period, Ergon Energy Retail suggests the minimum contract unit should be increased to 5MW. 5 MW is a commonly traded quantity likely to be more liquid and possibly better priced.

Ergon Energy Retail also suggests that, given the Financial and Energy Exchange (FEX) was recently approved by the Australian Securities and Investments

Commission to operate, the AER should also consider approving the FEX as an MLO exchange under draft NER.

Should you require additional information or wish to discuss any aspect of this submission, please contact me on (07) 3851 6784 or Don Clunes on (07) 3664 4969.

Yours sincerely

A handwritten signature in cursive script that reads "Alena Christmas".

Alena Christmas

**A/Manager Policy and Regulatory Reform**

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