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**VEU Program Stakeholder Engagement**

The Australian Financial Markets Association (AFMA) represents the interests of over 120 participants in Australia's wholesale banking and financial markets. Our members include Australian and foreign-owned banks, securities companies, treasury corporations, energy firms, traders across a wide range of markets and industry service providers.

AFMA's Environmental Products Committee comprises members with common interests as participants in a range of environmental certificate schemes. The member companies include the following firms, several of whom participate in the VEU program:

- AGL Energy
- ANZ
- CleanCo Queensland
- CS Energy
- EnergyAustralia
- ENGIE
- Ergon Energy
- GFI Australia
- Hydro Tasmania
- ICAP Australia
- Macquarie Group
- Origin Energy
- Shell Energy
- Snowy Hydro
- Stanwell

Members of the Committee have expressed concerns about fragmented communication of market sensitive information, including instances where information around new developments (e.g. new eligible activities or changes to existing activities) appears to have been provided to only the supplier side of the market. This information asymmetry has the potential to affect spot prices of certificates on a given day, creating a level of market distortion.

Market participants and regulators in financial markets are acutely aware of the need to establish appropriate policies to ensure staff are educated about potential risks related to the handling of inside information and to have in place adequate control and compliance measures to mitigate those risks. Importantly, there are policies and procedures in place around the release of price sensitive information to ensure that it is made available and is accessible to all interested persons simultaneously.

AFMA and members understand the corollary effect on prices from having sensitive information around VEU scheme changes being communicated inconsistently to different sub-sections of the market. We are concerned that the integrity of the VEU program is compromised when not all participants have contemporaneous access to relevant market updates. For the benefit of market efficiency and transparency, there is a need to ensure that information is provided to all interested parties at the same time.

Accordingly, we suggest the following approaches to increase the scope of communications and improve the accessibility of information across the market:

- Invitations to stakeholder forums are extended to the full spectrum of market participants and not restricted to one side of the market; and
- Upcoming developments and recent program changes are first publicly announced on the relevant updates pages on [DELWP](#) and [ESC](#) websites before being circulated to narrower stakeholder groups and newsletter subscribers. To ensure certainty for market participants and reduce fragmentation of information, it may also be pertinent to have one forum used for all program updates or ensure better linkage between the two currently available.

AFMA looks forward to ongoing engagement with the ESC and DELWP about the administration of the VEU program and related policy developments, including the VEET Act review later in 2021.

For more information or if you have questions in relation to the above, please contact me by phone at (02) 9776 7979 or by email at [nthompson@afma.com.au](mailto:nthompson@afma.com.au).

Yours sincerely



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