

27 September 2024

Energy and Climate Change Ministerial Council

Submitted online



ROLR Amendment Bill

The Australian Financial Markets Association (AFMA) is responding to the Energy and Climate Change Ministerial Council's (ECMC) consultation on amendments to the National Energy Laws to implement the recommendations of the Australian Energy Market Commission's (AEMC) retailer failure review.

AFMA is the leading financial markets industry association promoting efficiency, integrity and professionalism in Australia's financial markets, including the capital, credit, derivatives, foreign exchange, energy, carbon, and other specialist markets. Our membership is comprised of over 130 of Australia's leading financial market participants, including many energy firms who are key participants in Australian energy markets.

Key Points

- **AFMA supports ECMC's initiatives to improve the framework to manage retailer failure**

The unprecedented disruptions in energy markets and the resulting failure of a number of retailers in 2022 highlighted the need to ensure the arrangements to manage failures are robust. The AEMC's Review into Arrangements for Failed Retailers Electricity and Gas Contracts was a landmark piece of work which for the first time engaged with the financial risks for the market as a whole resulting from retailer failure, rather than merely looking at the administrative arrangements for customer transfer.

AFMA would like to acknowledge the AEMC's strong engagement with our members and the market more broadly which we think contributed to a solid set of recommendations that will reduce the risk of a Retailer of Last Resort (ROLR) event occurring and allow ROLRs to better manage the cost of providing ROLR services.

AFMA would particularly like to call out two elements of the draft bill that we think will improve the ROLR process by enhancing a ROLR's ability to absorb the costs of providing ROLR services. Providing certainty about the cost a ROLR can recover will greatly assist them both by allowing them to ultimately recover the costs of providing ROLR services and crucially by allowing them to access financing to enable them to bear the costs in the short term immediately after the event occurs. Similarly extending the timeframes to meet AEMO's credit support requirements will be of great assistance to ROLRs in the immediate aftermath of a ROLR event by giving them longer to secure credit support for their increased load.

AFMA would welcome the opportunity to discuss this submission further and would be pleased to provide further information or clarity as required. Please contact me at lgamble@afma.com.au or 02 9776 7994.

Yours sincerely,

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