



N A T I O N A L G E N E R A T O R S F O R U M

Street: 4/10 Kennedy Street
KINGSTON ACT 2604
Postal: PO Box 4155
KINGSTON ACT 2604

Tel: 02 6232 7790
Fax: 02 6232 7781
www.ngf.com.au

Ms Lisa Nardi
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Email: lisa.nardi@aemc.gov.au

17 June 2010

Dear Ms Nardi,

The National Generators' Forum welcomes the opportunity to comment on the Australian Energy Market Commission's *National Electricity Amendment (Publication of a Carbon Dioxide Equivalent Intensity Index for the National Electricity Market)* consultation draft determination, 23 December 2009.

The National Generators' Forum (NGF) represents the market-facing electricity generators in the National Electricity Market (NEM). Our members include some of Australia's largest businesses with diverse generation portfolios involving coal, gas, hydro and a range of other renewables. The principal Western Australian generator is also a NGF member.

The NGF supports the draft determination and considers the introduction of a CO₂e Intensity Index (the CO₂e Index) will contribute to an open and competitive wholesale contract market. The NGF believes the CO₂e Index will assist in providing liquidity in the related markets which in turn is likely to promote efficient operation and investment in electricity services.

Procedures

The draft Rule prescribes procedures for collating and calculating the CO₂e Index. The NGF supports the determination framework in the Rules that sets out the intent of the CO₂e Index and requirements for calculating and publishing. This framework is likely to deliver greater efficiency in the contract market and greater certainty for market participants than would be case in the absence of such an arrangement. A formal arrangement will provide greater guidance for ensuring reliable and accurate data in relation to the use of the CO₂e Index for the wholesale energy contract market over time.

The NGF notes the draft Rule provides that the procedures for the CO₂e Index must be determined through a stakeholder consultation process that includes registered participants. The NGF believes that stakeholder engagement is critical in maintaining reliability of the data inputs and ensuring an appropriate level of publication frequency, and as such fully supports this process.

Index Calculation

Under the draft Rule, the Australian Energy Market Operator (AEMO) must publish the list of generators that contribute to the CO₂e Index, the emission factor of each generator, and the source of information to support the factor. The emission factors are to be sourced from publicly available information and where an emission factor in respect of a particular generating unit cannot be found, the methodology for estimating must be stated.

The NGF considers that AEMO should have some flexibility regarding the relevant form of data required, guided by consistency with the national accounts (as identified in the draft Rule) and minimising the administrative burden on generators. It is noted this flexibility will need to be tempered in practice by the objectives of a stable publication, and an index that reasonably represents actual emissions.

Conclusion

The NGF supports this Rule change proposal as an important publication for the NEM. A CO₂e Intensity Index will provide for increased transparency and contribute to liquidity in the associated markets. If the Commission wishes to discuss this submission further, please do not hesitate to contact me on 02 6232 7789.

Thank you for the opportunity to comment.

Yours sincerely,



Malcolm Roberts
Executive Director