



ASX response to National Electricity Rules Amendments - Retailer Reliability Obligation

Draft Rules Consultation Paper

Supplementary ASX submission

18 April 2019

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Supplementary ASX response to Section 6.5.3 - Market making requirements

ASX wishes to make a supplementary response to Section 6.5.3 regarding market maker requirements, specifically the requirement to place bids/ offers.

Section 6.5.3: Requirement to place bid/offers

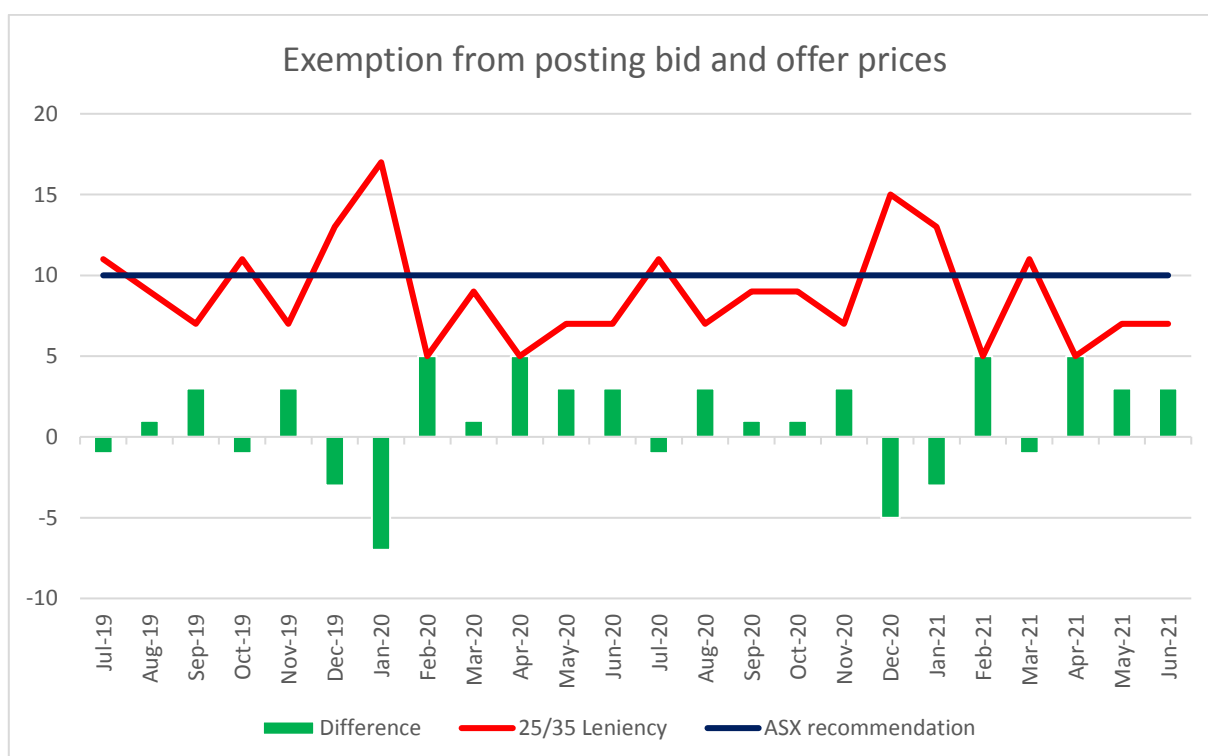
The current proposal contained in the Draft Rules Consultation Paper states that the requirement is to place bids and offers for 35 sessions per month, except in the January and December where it is only 25 sessions per month.

ASX response

ASX recommends changing this requirement to state that an obligated party is exempt from posting bids and offers for 10 sessions each month. The key reasons for recommending this change.

1. Market maker monitoring and operational simplicity

From a purely operational perspective, it is more straight forward to have “10 sessions exemption” each month, rather than a varying number of sessions that were provided as leniency. A single number of exempt sessions will be easier to monitor, report and manage compliance. The proposal reduces the complexity for obligated parties knowing how much leniency they have outstanding each month given the different number of trading sessions and business days. The 25/35 session requirement translates to a varying number of sessions not required to be priced each month. This is illustrated in the graph below. The **red line** indicates the number of sessions a obligated party would not need to make markets under the existing proposal. The **blue line** indicates the ASX recommendation. The **green bar** indicates the increase/decrease in the number of exempt sessions per month between the current proposal and the ASX recommendation.



2. Ongoing reporting through the month

ASX will be able to report and communicate more consistently through the month the number of sessions missed, with the maximum number of exemptions being 10, rather than tracking a varying number of sessions each month that are being complied with by obligated parties. This will create greater certainty for obligated parties and market users. The flat 10 session exemption also removes potential future problems that may arise from non-business days moving (e.g. Easter holidays) from one year to the next.