

Financial Markets Unit  
Corporations and Capital Markets Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
Via email: [financialmarkets@treasury.gov.au](mailto:financialmarkets@treasury.gov.au)

Friday, 15 February 2013

Dear Mr Bell,

## **Submission to proposals paper**

GDF SUEZ Australian Energy (GDFSAE), formerly International Power-GDF SUEZ Australia, appreciates the opportunity to comment on the Treasury's "Implementation of Australia's G-20 over-the-counter derivatives commitments" proposals paper. GDFSAE is wholly owned by GDF SUEZ S.A. and a business line of GDF SUEZ Energy International. In Australia, the company owns and operates 3,500MW (gross) of renewable, gas-fired and brown coal-fired plants in Victoria, South Australia and Western Australia. Our retail business, Simply Energy, has more than 300,000 electricity and gas accounts in Victoria, South Australia and New South Wales.

In previous submissions GDFSAE argued that over the counter (OTC) derivative trading in the electricity sector is appropriately governed by sophisticated and effective risk management practices and should not be subjected to greater regulatory oversight.

While there is now a requirement for the Minister for Resources and Energy to be consulted prior to the making of regulation or consent to an ASIC rule, the risk profile of the electricity sector has been heightened and the legislation provides for emergency provisions to allow regulation to be made without consultation.

GDFSAE sees no alternative to the Government waiting until after the completion of the Australian Energy Markets Commission (AEMC) financial resilience review before making a decision on mandating trade reporting of electricity derivatives. To do otherwise risks creating regulatory confusion as separate agencies pursue similar issues.

The regulations included in Attachment A of the proposals paper would require the Australian Securities and Investment Commission (ASIC) to consult with the AEMC before making a derivative transaction rule. Under this scenario GDFSAE argues the Government must also be required to explain the rationale for its decision, the desired outcomes and be required to demonstrate that the benefits of such an approach outweigh any cost or detrimental impacts to the electricity sector.

If you would like to discuss this submission please feel free to contact me on +61 3 9617 8405.

Yours sincerely,



Greg Hannan  
Electricity Market Specialist

## **GDF SUEZ Australian Energy**

Level 33, Rialto South Tower, 525 Collins Street  
Melbourne, Victoria 3000, Australia  
Tel. +61 3 9617 8400 Fax +61 3 9617 8301

[www.gdfsuezau.com](http://www.gdfsuezau.com)

INTERNATIONAL POWER (AUSTRALIA) PTY LTD  
ABN 59 092 560 793