

The power to choose



Purchasing electricity from the wholesale marketplace

Tasmania joined the National Electricity Market (NEM) in May 2005 and implemented the National Energy Customer Framework (NECF) in July 2012. On mainland Tasmania, customers can purchase electricity from an authorised retailer or directly from the NEM (the wholesale market).

Can I buy from the wholesale market instead of using a retailer?

Yes, customers on mainland Tasmania can buy from the electricity wholesale market, but this is a business decision requiring some consideration due to the volatility in pricing. Most customers choose to buy their electricity from a retailer because of the complexities and costs involved in buying wholesale through the pool, and the close watch needed in managing the exposure to volatile prices.

What must I do if I wish to buy wholesale?

You must first register with the Australian Energy Market Operator (AEMO) as a customer, and nominate the connection point at which you will take supply as a market load.

In order to be registered, you will need to satisfy AEMO that you:

1. meet eligibility requirements;
2. are able to fulfil applicable financial obligations;
3. can comply with National Electricity Rules;
4. have in place appropriate metering and communications systems; and
5. are able to establish an Austraclear account (Austraclear is the system used for settlements transactions).

If you wish to buy wholesale, you will have to manage price fluctuations to get the best price; an increase in pool prices could expose you to a significant increase in your electricity bill. An understanding of hedge contracts is also very useful as you will need to explore buying financial hedges or managing your electricity consumption to minimise your exposure.

Buying wholesale requires close management of risk and good judgement, so deciding to perform this function yourself should be taken only after very careful consideration of the costs and benefits.

Further information

More information on hedge contracts and risk management is available from the Australian Securities and Investments Commission, the Australian Stock Exchange Futures or the Australian Financial Markets Association.

For more information, and previous weekly monitoring of the NEM, from the Tasmanian perspective please see the Tasmanian Economic Regulator's website www.economicregulator.tas.gov.au.

AEMO publish *An Introduction to Australia's National Electricity Market* and provide information on fees and charges and further requirements at www.aemo.com.au and can be contacted on 1300 236 600 (toll free). See also the Australian Energy Markets Commission at www.aemc.gov.au.

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