

Appendix B Format for submissions

Submitter	Icehouse Capital Pty Ltd Chris Darmanin – CIO Justin Brown - COO
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Questions	Comments
Q1. Do you agree with the Authority's assessment of the impacts of market making policies? If not, please explain your reasoning.	We are of the view that most of the observed changes in Table 2 are not the result of market making policies; rather of structural changes in both the forward markets and the underlying physical market. We agree with the EA that changes to exemption rules have supported contract availability. However, we do not support with entirety that the market-making backstop has improved liquidity. It has definitely improved liquidity most of the time, but not when it counts. In August 2024, instead of enforcing the rules on RMM and CMM, the EA chose to relax obligations and further distress the forward markets. The EA routinely uses the 2018 Pohokura outage as justification for mandating market making in 2020; yet when the market needed liquidity in a similar stress event in August 2024 the rules were not enforced. This erodes confidence that the market will function in future stress scenarios.
Q2. Do you agree with the Authority's assessment that the introduction of the CMM has achieved its intended policy objectives? If not, please explain why.	Yes, with the caveat that obligations on the CMM (and the RMM) must be actually enforced.
Q3. In your view, does the CMM arrangement offer good value for money?	Yes, but only if the obligations are enforced. It is in the market's interest to fund the presence of a CMM, so it can be present during times of stress to assist price discovery. The fee represents risk premium to be used by the CMM to manage this exposure. If the EA will not enforce the provisions in the CMM contract, then in this case the arrangement is not good value for money.
Q4. Do you support the Authority's proposal to continue with the current hybrid model of four regulated market makers and one commercial market maker? If not, please explain your concerns.	Yes, however we would further suggest that amendments are made to qualifying volume for market-making. The aggressing of prices to satisfy volume requirements is not market-making, and it cannibalises volume for the market. Market-making should be passive pricing only – aggressing orders should not count towards a market-makers volume obligation.
Q5. Do you agree with the Authority's proposal to market make super-peak contracts? Do you agree with the rationale for this proposal? If not, please explain why	No comment.

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Q6. Do you think there should be changes to the proposed specifications of the super-peak product (e.g. trading periods, unit volume, node coverage, or horizon)? For example, would splitting the product into separate morning and evening peak contracts better meet market needs	No comment.
Q7. Do you agree with the proposed settings for regulated market making in the super-peak product (eg, offer volume and spread requirements)? Please explain your view	No comment.
Q8. Do you agree with the Authority's proposed approach to establishing the platform? If not, please explain your reasoning.	No comment.
Q9. Do you agree with the Authority's proposed market settings on the OTC platform? If not, please explain your reasoning	No comment.
Q10. Do you support the Authority's proposal to extend the baseload futures horizon from three to five years? Please explain your reasoning.	We're agnostic to this change other than it being a trade off for reducing quoting volumes for Market Makers, which we strongly disagree with.
Q11. Would your organisation expect to use these longer-dated futures contracts? If so, could you describe how they would be used in your risk management or trading strategies?	Yes.
Q12. What are your views on the Authority's proposed forward price trends based on OTC longer-dated contracts?	We think it's a fallacy to assume that OTC price trends will influence futures pricing of longer dated contracts. Futures prices are set by balancing supply and demand of contracts. A better indicator would be to analyse how new listed contracts price every October, which is generally a small backwardation to the previous year. The contracts will follow the trends of the closer dated contracts and trade with a high correlation to those – which is what we observe currently in the futures market.
Q13. Do you agree with the proposed reduced volume requirements for market making baseload contracts? If not, please explain why	We strongly disagree with reducing baseload market-making volumes requirements. The objective of super-peak contracts is to improve liquidity in the markets – it's a contradiction to then remove liquidity from elsewhere. Lower mandated liquidity in baseload contracts will likely increase volatility, which will increase costs to the consumer.
Q14. Do you consider an 8 MW volume requirement per contract for baseload futures would be sufficient to enable robust price discovery? If so, please provide information to support.	We strongly argue that it would not be sufficient, and go so far as to say it will damage the health of the futures market significantly. Firstly, the EA analysis in Figure 3 draws the wrong conclusions. The % size of trades is a function of the total MW available at any given time at a price (from market-making), not from demand for contract liquidity. Secondly, given Singapore's market-making system collapsed in spectacular fashion – the EA makes a good argument here as to how lower volumes are dangerous. Finally, an assumption is being made that all MW are equal which is not true. Liquidity in the front of the curve has greater value than the back, because of front-loaded hedging requirements. Diluting front-end volume to

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	allow quoting of the back-end is not in the interests of consumers.
Q15. Do you agree with the Authority's proposal to modify the compliance framework in terms of the quoting requirement time? If not, please explain your reasoning	Yes. We note that the test of relevance should be similar to required disclosures to ASX or NZX as appropriate.
Q16. Do you agree with the Authority's proposal to modify the Code to clause 13.236N(1)(a)(ii)?	Yes.
Q17. Do you agree with the objectives of the proposed amendment? If not, please explain why?	No comment.
Q18. Do you agree that the benefits of the proposed amendment outweigh its costs? If not, please explain why.	No. Any outcome that reduces baseload trading volumes is going to have a net negative effect on the market, and the eventual cost to the consumer.
Q19. Do you agree that the proposed amendment is preferable to the other options in relation with a) appropriate suites of contracts and b) Mandatory vs voluntary, c) reduce baseloads volume? If you disagree, please explain your preferred option in terms consistent with the Authority's main statutory objectives in section 15 of the Act 2010.	No. Our position is that any super-peak market making requirements should be additive. Listing and market-making longer dated futures at the expense of baseload volumes would increase volatility significantly, and lead to worse outcomes for consumers. We reiterate that reduced baseload volumes will increase volatility and create bad outcomes for consumers.
Q20. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	No comment.
Q21. Do you have any comments on the drafting of the proposed amendment?	We support further enhancements to market-making requirements to be passive only; aggressing prices cannibalises the market and should not be counted in obligations.