

3 May 2022

Final update on consultation on changes to the Financial Transmission Rights (FTR) rental calculation

Between August and September 2020, the Authority consulted on a discrete proposal to remove the FTR rentals calculation. The proposed change would allow the FTR market to settle using all available LCE, and in turn, reduce operational costs by around \$35,000 per annum. The Authority had expected to reach a decision on this minor operational proposal in early 2021.

However, during consultation some submitters raised other broader concerns about the current operation of other aspects of the FTR market.

While the Authority considers that, overall, the introduction of the FTR market has been a success, the issues raised during consultation warranted further investigation. While this further investigation is underway the Authority has paused minor operational changes to the FTR market, including considering the removal of Schedule 14.3 (FTR rentals).

In the interests of providing regulatory certainty, the Authority has decided to retain Schedule 14.3. Any future changes to rentals will be considered once the investigation into issues raised has been completed.

The Authority's objective is to maintain a market that generates the best outcomes for the long-term benefit of consumers.

Yours sincerely



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