

26 January 2021

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

Last year 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 early this year.

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 recent issues raised during consultation warrant further investigation. This work is currently underway, and as such, projects relating to any operational changes to the FTR market will be put on hold.

This means the Authority will not be proceeding with the minor operational improvements to the FTR market at this time, including considering the removal of Schedule 14.3 (FTR rentals) or changes to the FTR allocation plan.

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

Further updates, including next steps, will be made available as this work progresses.

Yours sincerely



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