Meeting Minutes

Minutes of the Electricity Contract Co-Design Working Group Meeting 5

Friday, 4th September 2026

Working Group Members Present

Tom Arnold (ACEN Australia), Paul Curnow (Akaysha Energy), Jialin Shen (Ampyr Energy), Nick Hawke (CEFC), Paul Grzinic (Firmus), Declan Kelly (Flow Power), Stephanie Easton (Iberdrola Australia), Ally Bonakdar (NAB), Daniel Teng (Origin Energy), Andrew Wilkins (SA Water).

Working Group Members Absent

Andrew Mulder (RWE)

Convening Group Members Present

Ryan Wilson (DCCEEW), Markus Mannheim (DCCEEW), Thimo Mueller (ASL), Michael Riordan (ASL), Ross Anderson (ASL), Fiona Hooymans (AER).

Facilitators Present

Jeff Forrest (L.E.K. Consulting), Lucy Carter (L.E.K. Consulting).

Overview

The Working Group (WG) convened for its fifth meeting, focussing on further defining key elements of the bulk energy and shaping products:

- **Bulk energy (Regional Reference PPA):** The WG agreed key design parameters of the Reference Index, which is proposed to be derived using the dispatch output of projects within the Reference Fleet.
- **Shaping (Dynamic Time of Day Spread Swap):** The WG agreed key design parameters of the approach to determining Charge Periods and Discharge Periods based on pre-dispatch forecast Residual Demand.

The WG agreed to publish updated term-sheets and seek written feedback from industry on the proposed contract designs to inform further design work prior to delivery of recommendations within the Final Report.

Industry engagement and feedback

WG members shared their reflections following engagement with industry since the third Workshop. WG members were pleased with the level of engagement at the webinar held on 1st September and in other recent discussions with industry groups, reflecting an increased level of interest in detailed design features of the preferred contract structures.

To support the development of detailed design matters, the CG and WG agreed to release a short consultation paper and invite targeted feedback from industry over a three-week period. The CG and WG agreed the importance of receiving targeted feedback on key issues at this stage of the product design and for consideration prior to finalising recommendations and delivering the final report in November.

Bulk energy

The WG focussed discussion on key features of the Reference Index that underpins the Regional Reference PPA (RRPPA). The WG agreed positions on the following design aspects:

- The Reference Index should be derived using AEMO 5-minute dispatch data. Actual generation was preferred to a synthetic value as it was viewed as a transparent, reliable data source that provides buyers and sellers with a hedge that is more closely aligned with the actual behaviour of the fleet. Actual generation is the preferred data source, however alternatives such as availability or Unconstrained Intermittent Generation Forecast (UIGF) may be considered if deemed to be more suitable. The desired contract performance under network curtailment and negative price periods will be key considerations.
- The Reference Fleet used to determine the index should be defined at the regional reference price level. Whilst the WG acknowledged that sub-regional indexes may reduce the basis risk for some sellers, this was viewed to have the potential to result in some products with low-liquidity and to be a less useful product for buyers. Separate Reference Fleets should apply for each technology (e.g. solar and wind) within a region.
- The Reference Fleet should contain all operational projects with a capacity greater than 30MW, to ensure it closely aligns with the behaviour of the actual fleet. The WG noted that further work is required to define 'operational', considering commissioning, retirements and plant outages.
- A single project's contribution to the Reference Index should be capped at a percentage of the total Reference Fleet. The WG agreed that nominally a cap in the order of 10-15% seemed appropriate, but that a different percentage may be initially required for regions with a low starting number of operational projects. A percentage cap was agreed to reduce the volatility of the index, particularly in the shorter term as the capacity of the Reference Index grows. As more projects enter the Reference Index, the impact of any one project to the Reference Index will diminish.
- The Reference Fleet should be updated on an annual basis to reflect the impact of new projects. The WG agreed that this provided buyers with a hedge that reflected the actual fleet, without presenting intolerable bankability risk for sellers due to continual changes in the Reference Index. Settlement of all contracts would be based on the latest reference index for each operational year, to avoid active contracts referencing different vintages of the index.
- The RRPPA may need to include a negative pricing provision, of either a volume 'knock-out' (where the volume of the swap is set to zero during negative price intervals) or a price floor (a cap on payments from the buyer to the seller) to provide efficient dispatch incentives. The WG agreed to revisit these two options in Workshop 4, following further feedback from industry.
- The RRPPA should include a price cap, ideally aligned with the strike price of the firming product ($600/MWh). The price cap was viewed as an important feature for bankability to protect projects from extreme high prices during naked exposure events - it was acknowledged that further analysis would be required to determine whether the $600/MWh cap provides sufficient risk mitigation relative to a lower cap (e.g. $300/MWh).
- Green certificates (LGC's, REGO's) should remain with the seller in order to meet the fungibility requirements for the contracts and to enable the contracts to be readily traded in the secondary market.

The WG identified the further areas for further analysis:

- Updated simplified cash-flow analysis to enable further discussion on negative pricing provisions in Workshop 4.
- Third party cash-flow modelling of the proposed Regional Reference PPA to support future bankability assessments.
- Consideration of how hybrid projects could utilise bulk energy and shaping products.

Shaping

The WG held a Q&A session with representatives from AEMO's Operational Forecasting and Operational Analysis teams to clarify understanding of various matters related to the pre-dispatch data sources being considered in Pre-Dispatch Prices, Operational Demand and UIGF.

The WG focussed discussion on the approach to determining charge and discharge periods for the Dynamic Time of Day (ToD) Spread Swap. The WG agreed positions on the following design aspects related to the Dynamic ToD Spread Swap:

- Day-ahead forecast Residual Demand[1] should be used to determine the charge and discharge periods. This method was seen to be less susceptible to operational behaviour than day-ahead pre-dispatch prices and provide a more valuable product than the fixed block approach.
- In determining charge and discharge blocks, the ESEMA should be able to nominate no more than two charge and two discharge periods per day and that each of the periods should be no less than 30 minutes. This design choice was viewed as balancing buyer value for the blocks to provide a hedge against high prices within a day and operational complexity of non-contiguous blocks. In particular, a two-period approach was viewed as preferable to contiguous blocks as it could provide a hedge for buyers against both morning and evening peaks.
- Daily Shaping Periods should commence at the start of the 09:00 trading interval and finish at the end of the trading interval commencing at 08:55 the day after. The WG selected this time for commencing/ending trading intervals as it was viewed to align with solar hours and preferable times for charging. The WG noted that whilst there was a risk of the 09:00 commencement aligning with a discharge period (morning peak), the Seller would have over 12 hours' notice and have sufficient time to manage their physical position accordingly.

The WG requested historical analysis to understand the historical accuracy of the time blocks determined by residual demand.

Areas for further investigation

The WG had further discussion on the allocation of Force Majeure (FM) risks. The WG discussed the broad implications of the proposed transition from physical to financial products in implementing the NEM Review recommendations and the need for an appropriate risk management approach for all market participants. FM risks are a key consideration for investors when assessing a project's commercial viability and particularly under the proposed products, the financial exposure may be higher for projects than under existing entry support contracts.

The WG agreed that for the contract structures to remain fungible, FM risk sharing provisions cannot be part of the ESEM agreement (i.e. the seller won't have pass-through FM protections under the fungible ESEM Agreement), however the WG agreed that a broader mechanism outside of the ESEM Agreement may be required to manage the financial exposure of sellers under these contracts. The WG aims to seek market feedback on this issue as part of the upcoming consultation process.

The WG also agreed to further consider how each of the contracts could be used by buyers (e.g. retailers, large loads, etc.) either as a set or in conjunction with other risk management contracts, such as flat swaps, evening peak swaps or caps to manage financial risks.

Forward schedule

The WG agreed to an amendment of the forward schedule to allow further time for analysis and consideration of industry feedback prior to reconvening. The WG will next meet in person on 7 October 2026.

Attachments[2]

- **Attachment 1:** Workshop discussion materials

[1] Where forecast Residual Demand for a trading interval is proposed to be calculated by *Forecast Operational Demand minus Forecast Wind Generation minus Forecast Solar PV Generation*.

[2] Please note that some of the workshop discussion materials were considered not relevant for industry (e.g. housekeeping, group activities) and have therefore not been included. Workshop discussion materials may include some contemporaneous notes. In the event of any inconsistencies between the workshop discussion materials and meeting minutes, industry should refer to the meeting minutes as the endorsed record of discussion and outcomes.