Q&A Responses

Electricity Contract Co-Design Webinar 2

1 September 2026

Background information

This document provides written answers to questions received during the second Electricity Contract Co-Design Update Webinar held on 1 September 2026. Due to the volume of questions received, all questions could not be answered during the allocated time. The table below outlines all questions received in the webinar and associated responses. Duplicate questions have been consolidated.

Where questions fall within the remit of the Electricity Contract Co-design Working Group (WG), they have been answered by the CCWG. Questions outside of the CCWG remit have been answered by the NEM Review Implementation Taskforce within the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Where questions and answers relate to ESEM design, responses are subject to ongoing design work underway – noting that final design is subject to upcoming consultation; and Energy Ministers have not yet authorised or agreed the final design.

Q&A Responses

#	Question	Response
Regional Reference PPA		
Reference Fleet		
1	Can you tell us more about that Reference Fleet and if network curtailment is taken into account to calculate the reference output?	**Answered live:** The design of the Reference Fleet and Reference Production Index is still being considered by the WG, with key considerations including basis risk, bankability, long-term stability and appropriate investment signals. Network curtailment and other index design features remain under review, and the WG expects to share its preferred position on these matters as the design process progresses. At the latest WG meeting, the WG members agreed that the Reference Index should be determine ex-post using actual dispatched generation (AEMO 5-minute dispatch data). This design choice means that index includes curtailment and hence reduces the basis risk between the Reference Fleet and dispatch behaviour.
2	Regional reference PPA - Is the reference shape determined ex-ante or ex-post based on metered output for the Reference Fleet	Please see answer to Question 1.
3	Further to the question on curtailment, how will outages (planned or unplanned) be taken into account for the Reference Fleet?	Referring to the minutes of WG Meeting 5, the WG has now agreed that 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.

#	Question	Response
4	How many Reference Fleets are envisaged - is it one per state?	**Answered live:** The current preferred position is to have one Reference Fleet per NEM region and technology. This regional approach aligns with existing contract market structures and supports liquidity by matching how contracts are currently traded, while the WG continues to consider how sub-regional resource diversity should be reflected in the final index design. Referring to the minutes of WG Meeting 5, the WG agreed that the Reference Fleet should be defined at the regional level, per technology.
5	Can you confirm what the regional references are based on? Is it largely on state boundaries, i.e. based on regional reference nodes?	Referring to the minutes of WG Meeting 5, the WG members agreed that the Reference Index should be derived using actual dispatched generation (AEMO 5-minute dispatch data) for each region. Please refer to the Meeting 5 minutes for more information.
6	To what level are the regional reference prices technology-specific?	The WG envisages that there would be separate Reference Fleets for wind and solar for each region.
7	How does the bulk energy work for offshore wind / technologies where there is no existing Reference Fleet	The WG is still considering how the Reference Fleet should apply across different technologies. The WG notes further work may be required to tailor the index for a range of technology types, as well as regions (such as Tasmania) with a small starting Reference Fleet.
8	Are the RRPPAs going to be split by solar vs wind or is this going to be combined across both	The current position is to have a separate Reference Fleet for each technology and NEM region.
9	On the Reference Fleet, has the group considered how adverse selection could play out? Thinking about wind which has broader variability between projects and regions and how only the relatively best sites (already taken) and maybe mid tier with relatively better technology would be attracted to it	The WG envisages that a project which is forecast to underperform in comparison to the Reference Fleet may need to bid in a higher price or lower volume to the ESEM Auction in comparison to a site that is forecast to perform similarly or better than the Reference Fleet. The WG will undertake additional analysis to assess how projects with varying correlations to the Reference Fleet perform from a commercial and bankability perspective.
Negative Pricing Treatment		
10	Are you able to elaborate a bit on the negative price treatment for the first product, please? (E.g. knockout at zero or otherwise?)	The treatment of negative prices remains under consideration by the WG. The published draft product sheets note that green products would remain with the Seller under the agreement and identify possible options for treating negative price trading intervals, including price floors and volume knockout mechanisms.

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#	Question	Response
11	Are there any other updates available on the treatment of negative prices under the RRPPA? One benefit of the DWA swap for sellers was effective protection from negative prices due to the fixed contract volume. Might this protection be lost under the RRPPA?	Please see answer to Question 10.
Risk Allocation		
12	Tim Nelson emphasised that the previously recommended bulking contracts decoupled revenue from curtailment risk, but the regional PPA reintroduces that risk. Can you explain the justification for leaving systemic curtailment risk with generators?	The bulk energy contract which was identified by the pilot contract co-design process (ex-post DWA Swap), decoupled revenue from negative price curtailment risk by requiring sellers to settle a fixed volume under the contract, was ultimately considered too risky for sellers with a variable generation asset. The RRRPPA was viewed as an appropriate compromise which reduces this volume risk. Management of curtailment risks at negative prices is not yet finalised for the Reference PPA and will be a key consideration of the WG in designing the negative pricing mechanism. The WG is seeking industry feedback on the preferred treatment of negative price risk, as outlined in the answer to Question 10.
13	Do you have insights into how much of pricing will be influenced by transmission line quality/ availability (especially given VNI doubts?) Any mitigation in the works?	Please see response to Question 12.
14	With the RRPPA product, how do generators manage the risk that they are curtailed as a result of new generators who subsequently connect nearby?	**Answered live:** Fungibility requires projects to take some basis risk relative to the reference index. Managing curtailment and basis risk will ultimately depend on individual project risk appetites and commercial strategies, with different approaches likely to emerge over time. A liquid secondary market may also provide participants with opportunities to adjust their positions as risk profiles evolve. Please also see response to Question 12.
15	Have you modelled tail risk scenarios for the bulk energy contract, for example when the spot price is the market price cap but local conditions mean the seller is unable to dispatch, or dispatch only at nominal volumes?	**Answered live:** Tail-risk and stress-test scenarios have been modelled across a range of market and operating conditions, including high-price events, generation outages and reference index mismatches. The proposed products have also been assessed against traditional run-of-plant PPAs to understand relative performance under different scenarios. Further work is underway to understand and mitigate specific residual risks through ongoing product design refinement.

#	Question	Response
16	How can renewables manage volume risk without firm access rights, given that a nearby generator could cause the contracted unit to be thermally constrained and leave it exposed to the contract at prices up to the MPC indefinitely?	Please see response to Question 12.
17	Could the project not manage FM and curtailment risk by not selling the project's entire capacity and hold some back as a risk buffer?	Contract coverage was identified during WG Meeting 4 as one potential mechanism for balancing risk allocation and bankability. Decisions on how much capacity to contract would ultimately be a commercial decision for individual participants as the product design is refined. Whilst reducing contracted volume may be a useful lever for projects to manage performance risk or basis risk to the reference fleet, it is the view of the WG that it would not sufficiently manage extreme FM risk in a fungible contract.
18	Can you explain how the seller holds idiosyncratic risk? Will the buyer hold the systemic risk in that case?	Under the Regional Reference PPA, the seller remains exposed to differences between its project and the Reference Fleet, including project-specific generation, MLF and constraint outcomes. The buyer receives a hedge based on the Reference Production Index and therefore retains exposure to broader fleet-wide performance (systemic risk), with the WG continuing to refine how different risks are allocated through the final design.
19	1. The RRPPA creates an exposure for the VRE asset. The RRPPA seller will need to buy some firming. 2. The RRPPA buyer will need to buy firming too, possibly in opposite direction to the seller's firming. Question: Necessitating both parties to buy firming seems inefficient?	Compared with alternative contract structures, the WG considers the RRPPA most efficiently shares volume, price and shape risks between the seller and buyer according to who is best place to manage them. Buyers retain exposure to system wide risks reflected in the index, while Sellers manage idiosyncratic risks. Unlike the DWA Price Swap, the RRPPA does not require sellers to defend a fixed contract volume, which is a material bankability issue for variable renewable generators. We note that Sellers may also choose to adjust the percentage of their nameplate capacity that is contracted to manage exposures also. It is not envisaged that firming would be necessary for a project to sell a bulk energy contract. The detailed design of the RRPPA and assessment of contract bankability is proceeding on this basis. The WG recognises that different participants may choose to manage residual risks in different ways and will continue to consider buyer value, bankability and market participation as the design develops.

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#	Question	Response
20	A basket of Wind assets doesn't give the buyer a hedge to actual Market exposure. Who do you see buying this? also if each tranche of contracts sold with a new basket of assets then these are not fungible - how will you deal with that?	The Regional Reference PPA is designed to provide exposure to the performance of a Reference Fleet rather than replicate an individual buyer's load profile. Fungibility is intended to arise from standardised contract structures and indices, with the WG continuing to develop the Reference Fleet and Reference Production Index design to support consistency across products. The WG's current position is that the Reference Fleet will be updated for all bulk energy contracts in a region for a technology type, to avoid having separate vintages of the index settling concurrently.
Seller Economics And Pricing		
21	Why would Seller's price of PPA depend on the index?	The Regional Reference PPA design incorporates the concepts of a Reference Fleet and Reference Production Index, with settlement based on the performance of that index rather than an individual project. The WG has designed the Reference Production Index with the aim of reducing basis risk to a tolerable level for Sellers. In developing a project and considering commercial positions in respect of bid prices, it is likely a project would want to consider its expected performance relative to the index.
22	Why would Seller bid their project into Bulk Energy because PPAs provide long term product for bankability especially if Seller may already have a foundation Offtake?	The proposed bulk energy product is intended to provide an additional standardised and tradeable contracting option that supports both project financing and secondary market participation. As per the NEM Review recommendations, the ESEM contracts are intended to solve the 'tenor gap' for projects. The ESEM contracts are not intended to replace foundation offtakes that Projects may be able to contract in the market for the first few years of commercial operations. The WG recognises that projects may have different contracting strategies and will continue to consider participant value propositions and market demand as the product design is refined.
23	How would Seller know how much demand is there for a Bulk Energy product?	The WG recognises that buyer demand is a key consideration and intends to test this through ongoing industry engagement and consultation. The initial demand for contracts will come from the anticipated entry trajectory and tender targets administered by the ESEMA, noting the detail of this is still being worked through by the NEM Review Implementation Taskforce. The proposed bulk energy product is being designed as a standardised, tradeable contract for retailers, large energy users and other market participants, with further feedback helping to refine the product as development continues.

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#	Question	Response
Dynamic Time of Day Block Swap		
Shaping Product Design and Market Impacts		
24	How are you addressing the lack of buyers for the shaping products? There's not many loads that would want to short this product	**Answered live:** The WG recognises that the current market for shaping products is relatively limited and continues to consider buyer demand and product complementarity as part of the design process. The proposed shaping product is intended to support bankable and financeable projects while helping buyers manage shaping exposure, with demand expected to emerge across a range of participants, including retailers and emerging large loads.
25	Shaping product - is there expected to be an allowance for round-trip losses (i.e. MWh discharge < MWh charge)? If so, how will that be set?	**Answered live:** The treatment of round-trip losses is still being considered by the WG as part of the shaping product design. Key considerations include maintaining fungibility and standardisation, with further work required to determine the preferred approach; to maintain fungibility, it is likely that round-trip efficiency and degradation risks are ultimately borne and priced by sellers.
26	Does this mean it is based on predispatch outcomes? that is not an equal risk transfer and i struggle to see who would buy something based on predispatch outcomes	Referring to the Meeting 5 minutes, the WG has agreed that a day-ahead forecast of Residual Demand should be used to determine the charge and discharge periods. The WG considered an ex-post approach to determining Daily Spread, however, agreed that this structure was unlikely to be bankable given the seller can't manage their exposure to unknown charge/discharge periods.
27	Reference to pre-dispatch seems to strongly favour the big 3 gentailers. It would be interesting to see how this was chosen and how accurate pre-dispatch is compared with actual dispatch results historically.	Please see answer to Question 26.

#	Question	Response
28	Love the reference of shaping products to residual demand. What do the panel envisage including in RD - solar + wind availability (pre curtailment), solar + wind generation sent out, coal mingen, inclusion of hydro, inclusion of other storage?	The WG is currently considering the definition of Residual Demand to be *Residual Demand = Operational Demand - UIGF (Solar) - UIGF (Wind).*
29	Who do you envisage is going to buy a product based on a day ahead demand rather than getting the best spread?	The Dynamic ToD Spread Swap is designed to allow a buyer to manage exposure to daily wholesale price and load volatility through a fixed spread, while providing the seller with a predictable revenue stream through access to the Fixed Spread, which is assumed to be a function of their levelised cost of energy (LCOE).
30	What influence might the shaping product have on battery bid behaviour? I can imagine a world of significant re-bidding once charge/discharge periods are established. Is there a potential for perverse outcomes from this?	The WG preferred Residual Demand over pre-dispatch price as a basis for determining charge/discharge periods as it was viewed not to have perverse incentives and gaming risks. Because the contract settles financially, a BESS owner does not automatically need to fill its block, but only to be able to defend its hedge position; a rational bidder will bid only when price justifies dispatch. Since owners differ in state of charge, cost and portfolio position, diverse bidding behaviour is to be expected, not uniform dispatch into the block. The WG are continuing to consider broader implications of the nominating charge/discharge periods being published a day ahead on operational behaviours.
31	Is the shaping product a physically, dispatch-bound contract? Shouldn't it be financial as well?	The preferred shaping product is being developed as a financial contract rather than a physical dispatch obligation. The seller would not have an obligation to physically charge/discharge according to the nominated periods, however, the WG notes that investors and debt financiers may place restrictions on a project's trading protocol consistent with current practices.

#	Question	Response
32	In the block spread swap example, if battery is not be able to provide the agreed energy, what will be the spot exposure, is the spot exposure will be discharged rate instead of spread, also as a cost instead of revenue?	As a financial contract, the swap settles on the notional nomination charge/discharge periods within a 24 hour daily shaping (settlement) period, multiplied by the positive difference between the realised spread (based on spot price) and the fixed spread (based on the fixed $/MWh price under the contract). As such, the BESS owner is exposed to any difference between the physical availability of agreed energy and the notional available energy corresponding to the charge/discharge period. Treatment of Force Majeure events is continuing to be considered by the WG.
33	Given electricity pricing isn't relatively stable throughout the day but rather more 'spiky', how will any gaps between the demand and actual price be mitigated?	As part of the shaping product design, the WG is continuing to assess the accuracy of pre-dispatch and residual demand forecasts, alternative nomination-setting approaches, and how these design choices impact buyer outcomes under different market conditions.
34	Have you looked at what might happen when an increasing proportion of the market is contracted through the shaping contract? Specifically, interactions with pre-dispatch price forecasting if the dynamic times are set at a specific time each day.	Please see answer to Question 26. The WG are proposing charge/discharge periods to be published at-least 12 hours before the commencement of a Daily Shaping Period to allow Sellers to adjust their position accordingly.
35	Dynamic TOD Block Spread Swap - how do you see risk management for the buyer of the product where the spot prices may be higher but the spread may be consistent with the contract strike.	The Dynamic ToD Block Spread Swap is intended to hedge the spread between charging and discharging periods rather than absolute spot price levels.
36	How is fixed spread calculated for the ToD block spread swap?	The fixed spread is agreed between buyers and sellers of this product. Initially, it would be set through the ESEM auction process. A project would be expected to bid based in such a way that the contract provides long-term certainty for the project to facilitate its entry to the market – however this would ultimately be determined by each project based on its commercial needs.

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#	Question	Response
Firming Product And $600 Cap		
37	How much more are consumers expected to pay in underlying if $600 caps for ESEM become dominant relative to firming providers defending $300 caps?	The WG has considered the varying attributes of $300 and $600 cap contracts and have selected the $600 cap as preferred as it was viewed to promote opportunities for the seller to capture merchant revenues under the cap, which is anticipated to have a greater impact on lowering required premiums than the value of the product to buyers. The WG notes that secondary markets may continue to offer $300 cap contracts or other risk management products alongside the proposed $600 cap.
38	What's the rationale for $600 value on cap?	**Answered live:** Alignment with the Administered Price Cap and interactions between the firming and shaping products were important considerations in selecting the preferred design. It was also considered that a $600 cap would allow a project to earn more merchant revenue when prices are above the short run marginal cost. The proposed $600 cap is intended to provide stronger investment signals than a traditional $300 cap and was informed by observed market outcomes and evolving market conditions Please also see answer to Question 37.
39	Firming $600 Cap - Why is the premium payable at the end of the contract term rather than upfront	The current settlement calculation is anticipated to allow for netting of payments between buyer and seller to occur at the end of each weekly calculation period.
40	How are you going to address the overlap between bulk energy, shaping and firming - are the bulk energy and shaping products going to be capped?	Product complementarity has been a key consideration throughout the co-design process, with the contract suite intended to work together rather than as standalone products. As per the Meeting 5 minutes, the WG has agreed that the RRPPA should include a cap that is aligned to the strike price of the firming product. The WG has also acknowledged that the ESEM contracts will not be the only options available to buyers for risk management, and they will likely form part of a broader suite of risk management contracts.
41	There's been some speculation around whether firming products will/won't allow gas generation. Is the answer to that now a clear 'yes'?	Eligibility requirements for firming providers are outside the scope of the contract co-design process and sit within broader ESEM policy design. Further detail on eligible technologies will be provided through future ESEM design and consultation processes.

#	Question	Response
General: Force Majeure		
42	Why are you considering FM? Why not firm financial contracts?	**Answered live:** Firm financial contracts can expose projects to significant liabilities when generation is unavailable, particularly where certain risks may be difficult or costly for projects to manage independently. Consideration is therefore being given to how force majeure and similar risks should be allocated between projects and consumers, with risk allocation across the bulk energy and shaping products continuing to be refined through the design process.
43	It is financial suicide for a seller not defend any of these contract exposures- it is not merely something required by lenders	The WG agrees that managing contract exposures is important for both project economics and financing.
44	Will FM risk be dealt with the contracts themselves or in the broader ESEM policy design?	The WG note that including FM relief within the ESEM contracts would reduce fungibility and so it is expected that these risks will need to be dealt with as part of the broader ESEM policy design. The WG is considering recommendations to be contained with their Final Report regarding the scope of Force Majeure risks and possible ways that these could be managed (e.g. a form of pooled insurance).
45	What is unique about FM for bulk energy? Like any fungible energy derivative isn't that risk just something the seller must insure/manage?	**Answered live:** Sellers are generally expected to manage force majeure and similar exposure risks that affect the project and its operations. The key consideration is how to manage force majeure liabilities beyond the reasonable control of sellers that could threaten project viability or bankability while maintaining a firm product for buyers, with the treatment of these risks continuing to be considered across both the bulk energy and shaping products.
46	Could you please talk more about some of the considerations in relation to the FM/Naked Exposure risk?	Key considerations include how force majeure, network outage and other "naked exposure" risks are allocated between buyers and sellers, while maintaining project viability, bankability and product effectiveness. The WG is considering recommendations to be contained with their Final Report regarding the scope of Force Majeure risks and possible ways that these could be managed (e.g. a form of pooled insurance).
47	This FM concept is surely out of step for how the market actually acts? how can developers be consistently protected and the buyer of customers take all elevated risk	Please see response to Question 44.

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#	Question	Response
Bankability, Investor And Lender Perspectives		
48	The word “bankable” is used frequently, I note the only bank representative on the WG is from Westpac, confirming these contract structures have been tested with both other Australian banks and international banks currently lending to projects in the NEM?	**Answered live:** The WG includes financing perspectives from NAB and CEFC, and broader lender engagement is planned as the product design matures. Dedicated lender testing and market engagement remain important next steps in assessing bankability.
49	how do you manage the risk that future price dynamics and distribution might be significantly different from historical, making the assessment of bankability based on historical price outcomes not reliable.	Historical analysis is one input into the assessment process and helps test product performance across a range of market conditions. Further design work and industry engagement will continue to assess how the proposed products perform under future market scenarios and evolving risk profiles.
50	Has/will the equity investor perspective be considered?	**Answered live:** Equity investor perspectives have been considered through developer and seller representatives on the WG, alongside debt financing considerations. On-going industry engagement and stakeholder discussions will continue to inform the assessment of project bankability as the product designs are refined.
51	What proportion of contracts signed do you expect to result in an asset being built that can physically defend the contract?	The contracts are being designed to be able to support investment in new assets. The WG envisages that there may be the need for a separate Project Development Agreement between the ESEMA and Seller prior to Commercial Operations Date, subject to further consideration by the NEM Review Implementation Taskforce.
Counterparty, Trading And Market Infrastructure		
52	Confirming, as these products are all in effect derivatives by nature, will developers require an AFSL to transact?	AFSL requirements and other regulatory obligations sit outside the scope of the contract co-design process. These matters would need to be considered as part of the broader legal, regulatory and implementation framework for ESEM.
53	What work on counterparty credit risk has been done to ensure these can be traded OTC? do these sorts of products emphasise credit risk between parties?	Counterparty credit risk is not considered to be within the WG ToR, however, the WG may choose to make recommendations with respect to credit risk in the final report.
54	Counterparty credit risk is part of bankability - so it fits entirely within the scope?	Please see response to Question 53.

#	Question	Response
Buyer Perspectives		
55	What is the risk to the ESEMA if these products become stranded assets and cannot be recycled?	A key objective of the co-design process is to develop products that are attractive to both buyers and sellers to promote opportunities for the ESEM Administrator to recycle contracts into the market. Broader questions regarding ESEMA risk and contract recycling sit outside the current scope of the WG and will be considered through ongoing ESEM design and consultation processes.
56	You mentioned the buyer would have a price that they would be willing to take on the volume risk. But what if that price is too low for the seller? Then the project is not bankable as the economics don't stack up?	The ESEM Administrator would procure new electricity services competitively, at the lowest possible cost to consumers. Bankability has been a key consideration of the WG. In selecting, the RRPPA as the preferred contract structure, the WG considered several pieces of analysis to inform their understanding of the impact of volume and basis risk on financing costs. The RRPPA was viewed to most efficiently share these risks between buyers and sellers.
57	Can you remind how ESEM contracts are ultimately paid for / underwritten? Is it state gov (taxpayers) who bear the cost of overs and unders?	Whilst cost recovery is not within the WG's Terms of Reference, ESEM costs will be recovered on a non-profit basis from Market Customers through the AEMO settlement process. Costs associated with contracts will be allocated to the NEM region against which contracts were written.
58	For the regional reference node PPA, is there any residual risk left with ESEMA (or AEMO)?	The proposed structure allocates a range of risks between buyers and sellers, including price, volume and shape risks. The WG continues to consider the treatment of force majeure, network outages and other residual exposures. Further design work will help determine how any remaining risks are managed within the broader ESEM framework.
59	Retailers are not the only customers- these products need to be accessible and usable by sophisticated large users also. Providing examples on how a large user would use these to hedge a large relatively flat load would be very useful.	The proposed products are intended to support a range of market participants, not just retailers. As part of the ongoing consultation and design process, the WG will continue to consider how different participant groups, including large energy users, may use the products in practice.
60	Who is representing the Buyers on the panel and how are you gathering Buyers views? For example, buyers views on the $600 cap issue and others.	The WG includes representatives from retailers, large energy users and other market participants, with buyer perspectives incorporated through WG discussions, industry engagement and planned public consultation. The WG will continue to test proposed positions with industry as product design progresses.

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#	Question	Response
61	Will the ESEM administrator always stand in the middle as the counter-party to both buyers and sellers or is the plan for the administrator to novate contracts to the buyer and seller	Counterparty arrangements, novation and broader market infrastructure settings sit outside the scope of the contract co-design process. These matters will be considered as part of the broader ESEM policy, implementation and market design work.
62	What is this product fungible to? who would buy this product as it doesn't actually match to consumer profiles and the consumer will take materially more volume risk on a portfolio level	**Answered live:** The proposed products are being designed to balance project financing needs with market tradability and are not intended to perfectly match individual consumer load profiles. Buyer demand is expected to depend on the pricing and risk allocation of the products, with retailers and intermediaries expected to play an important role in managing, packaging and trading the associated risks as the market develops.
63	Has there been any analysis of how a buyer (eg retailer or large load) might build a book based on these three products?	**Answered live:** Book-building concepts and interactions between the products were explored in earlier workshops, with product complementarity remaining an important consideration. Further analysis is expected as product designs are refined, noting that the proposed ESEM products are intended to operate alongside existing hedging products and markets rather than replace them.
64	For these products to be traded there will need to be transparent forward curves to permit MtM and other risk monitoring and measurement. What consideration has been given to this?	The WG's focus has been on contract design rather than trading infrastructure or market arrangements. Considerations relating to forward curves, valuation and risk monitoring are expected to be addressed through broader market design and implementation processes.
65	If a seller bundles firming into an RRPPA (to make it firm and fungible) would these firming and variable contracts be separable after the contract is sold back to the market by the ESEM administrator?	The current focus has been on the design of the individual contract products rather than how bundled products may be traded or unbundled in secondary markets. Further work on market arrangements and implementation will help clarify how these products may be used in practice.
Other		
66	Can someone talk to the matrix of auctions contemplated. I can picture a complex matrix of products with different start dates and structures. How might this be rolled out?	The rollout and auction design of the ESEM, including the timing and structure of procurement processes, sits outside the scope of the contract co-design process. Current work has focused on the design of the contract products themselves, with broader implementation and market design matters to be considered through future ESEM development and consultation processes.

#	Question	Response
67	Why move away from how the current liquid market actually functions? The objective should be to support fungibility, liquidity and effective hedging. Yet two of the products do not hedge the current NEM market - how is that fungible?	The proposed products are intended to support both project financing and secondary market trading, recognising that these objectives may not always align with existing hedge products. The WG has sought to balance fungibility, liquidity, buyer value and bankability, and will continue refining the products through consultation and detailed design work.
68	There will inevitably be gaps between what suits bankability and what works for customers and those hedging them. Are you working through the gaps and how this will be managed as industry structure changes?	The WG has assessed contract structures through the lens of both bankability and buyer value, recognising that trade-offs exist between financing needs, risk allocation and market utility. Ongoing industry consultation and product refinement will continue to test whether the proposed structures strike an appropriate balance as market needs evolve.
69	Has the group done any thinking on how esem bulk renewable contract would work (or not) with data centre procurement obligations to back with rego's (eg physical)?	The group has not considered potential data centre procurement obligations in depth on the grounds that their final form is currently still in development, and they have not been legislated. In general, there is scope for future co-design processes to be called to address regulatory changes when they impact the suitability of the contracts.
70	Will these ESEM products evolve over time as the market needs evolve? Specifically in terms of Reference Fleet and price parameters?	A number of design elements, including Reference Fleet design and key product parameters, remain under development. Ongoing consultation and design refinement will continue to inform how the products evolve over time.
71	Will there be a public consultation on the contract designs and when might this be?	Yes. A public consultation process is planned, with industry feedback being sought on the preferred contract structures and key design features as part of the next phase of the co-design process, expected to open in September.
72	Is there any plan to do any 'wargaming' of this model once the proposed contracts are designed. This is very hypothetical and only covers discrete examples. Seeing some longer term scenarios worked through that show how this works in practice would be beneficial.	A range of modelling and scenario analysis has already been undertaken as part of the co-design process, and further analysis is expected as product designs are refined. Ongoing consultation and testing will continue to help assess how the proposed contracts perform under different market conditions and use cases.

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#	Question	Response
73	Is the WG going to construct and test a small range of straw retailer portfolios to assess whether and how retailers are likely to use these contracts in an integrated way to manage energy risk? This would help to see if we have an engine rather than a collection of possibly ill-sorted parts	Book-building concepts and interactions between the proposed products were explored in earlier workshops, with product complementarity remaining an important consideration. Further analysis is expected as product designs are refined, noting that ESEM products are intended to operate alongside existing hedging products and markets.
74	Genuine question: if we end up in a zero marginal cost world, who actually needs all these electricity contracts? If the scarce resource is ultimately poles and wires, do we just pay $X/day for network access and let the foreign infrastructure funds fight over who can finance the poles most cheaply?	The WG's focus has been on developing standardised contracts that support investment and risk transfer under the proposed ESEM framework. As the design progresses, the WG will continue to consider how the proposed products remain relevant and useful under evolving market conditions.