
RC_2010_36 Acceptable Credit Criteria

Submitted by

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Submission

1. Please provide your views on the proposal, including any objections or suggested revisions

LGP supports the Rule Changes Proposal on the grounds of that it removes potentially obstructive bureaucracy whilst preserving the underlying substance.

Without diminishing support for the Rule Change, we also make the following observations:

- a) Credit Rating is a foundation of the Wholesale Electricity Market and at the core of the continuing Global Financial Crisis. The global financial system is interconnected in ways that are not transparent or understood. It is feasible that substantive institutions with good credit ratings could be downgraded relatively quickly. In the case of the WEM, this could lead to institutions being suddenly removed from the IMO's List of Acceptable Credit Suppliers, thereby 'stranding' solvent institutions depending on them for credit support. We suggest that the impact of this potentiality should be more thoroughly contemplated and provided for.
- b) The elegance of clause 4.13.7 could be improved by citing clause 2.38.6 and removing the duplication;

2. Please provide an assessment, whether the change will better facilitate the achievement of the Market Objectives

LGP supports Synergy's contention that the changes to support Market Objectives b) (encouraging competition) and d) (minimizing the long term cost of electricity) and to otherwise be in harmony with the Market Objectives. We also consider the proposal to promote more effective and efficient administration of the Market Rules.

3. Please indicate if the proposed change will have any implications for your organisation, (for example changes to your IT or business systems) and any costs involved

LGP would incur no organisational costs as a consequence of adopting the change.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed

LGP would be able to implement this Rule Change immediately.
