

UPDATE 35

December 2009

[U35] Section 3.8 – Electricity

The Electricity Committee, after consultation with the wider AFMA electricity stakeholders, has approved the December 2009 Carbon Benchmark Addendum.

It adds a definition of AEMO and removes references to NEMMCO.

Recognising the uncertainty as to a suitable source for the carbon reference price, the hierarchy in determining the CRP now cedes responsibility to the Electricity Committee in the first instance, under the 75% voting rule (an “AFMA Resolution”), but only in determining the methodology for determining CRP source (i.e. the Committee cannot set the dollar value). The Addendum then cascades through further price sources ending with an Independent Expert.

Other more significant changes include:

- flexibility has been introduced to allow the AFMA Electricity Committee to determine the Exchange that is used as the first fallback in determining CRP, rather than assuming that ASX will operate the relevant market;
- if a market price is to be used to determine CRP, a mechanism has been introduced to determine the reference instrument if permits are issued under the Carbon Scheme with different vintages.

The December 2009 version is at 3.8.20 of the *Guide* as is a mark up showing changes from the December 2008 version.

As with past updates, AFMA recommends that for any Addendum already forming part of an ISDA Master Agreement, the parties bilaterally agree that the December 2009 version replaces it. A link to a pro-forma amendment agreement to effect that change may be found in 3.8.20 of the *Guide*.