



Australian Energy Regulator
Level 18, 2 Lonsdale Street,
Melbourne VIC 3000

Attention: Ms R Wain, Consumer and Markets Branch

23 November 2020

**Amber Electric Pty Ltd
Electricity Retail Authorisation Application**

We have received the public submission made on 5 November 2020 in response to our application for electricity retail authorisation. The submission raises some potential confusion about the manner in which Amber Electric presents its pricing to the public. Specifically, the submission notes that prices are expressed in cents per kilowatt hour, or cents per kwh, even though Amber Electric's prices are re-stated every 30 minutes and may change from one 30 minute interval to the next.

We take this opportunity to respond to the submission.

Amber Electric's pricing is based on the wholesale price of electricity. The wholesale price of electricity fluctuates throughout the day and is based on supply and demand in the national electricity market operated by the Australian Energy Market Operator (AEMO). These prices are calculated and published every 30 minutes throughout the 24 hours of each day. This is why the price of power charged by Amber Electric is also stated in 30 minutes intervals.

This is well explained in an Information Sheet that can be accessed here: [INFORMATION SHEET - How the Spot Market Works](#). The essential part, with emphasis added, says:

Generators submit offers to AEMO, signalling their willingness to generate electricity. AEMO's central dispatch engine orders the generators' offers from least to most expensive and determines which generators will be dispatched.

In this way, the expected demand for electricity is supplied by the lowest cost mix of generators.

*In delivering electricity, AEMO dispatches electricity every five minutes, so generators are required to bid to supply electricity in five minute blocks. **For the purposes of settlement, the price is then averaged out over 30 minutes.***

The spot price for a 30 minute trading interval is therefore the average of the six dispatch interval prices. All generators dispatched in that trading interval receive the spot price.

AEMO uses the spot price as the basis for the settlement – that is, the transfer of money for electricity supplied to the market and consumed by end users.

Importantly, Amber Electric ensures that customers are protected against wholesale price spikes by ensuring that customers never pay more than the Default Market Offer on average over a year.

Despite the wholesale price of electricity being applicable for 30 minute intervals, energy prices are typically expressed in price per kilowatt hour. The price per kilowatt hour may vary every 30 minutes. We acknowledge that this can be confusing, but is based on the way the wholesale electricity market operates and the custom of expressing electricity prices on a per kwh basis.

Amber Electric's website explains the factors that are taken into account in setting its prices and charges that are passed through to customers. We take our responsibility to clearly state applicable energy prices and other charges that are passed through to customers very seriously, and we thank the writer of this submission for the opportunity to clarify this matter.

We would be pleased to address any further queries the writer of the submission may have, or those of any other member of the public.

Inquiries can be made by calling us on 1800 531 907 or by emailing us at info@amberelectric.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Thompson".

Chris Thompson
Co-CEO, Amber Electric