In order to determine whether to support this proposal and identify whether the payback period is appropriate, Synergy as well as other Market Participants will require to undertake further financial analysis. To do that Synergy requires the Rule Change Panel (**RCP**) to provide detailed financial data, such as TCI (total cost to implement RC_2017_06), CCS (cost of additional credit support), r (discount rate used in the RCP's calculations) and Synergy's actual prudential exposure under the alternative proposal as estimated by the RCP.

Synergy is also of a view that the time provided for review and consideration of what appears to be a completely new proposal is not sufficient to perform any in depth analysis and financial modelling. We understand that the RCP were potentially looking for some high level views from the Market Participants, however, in order to provide a meaningful feedback, Synergy, and we assume other Market Participants, need to undertake financial modelling based on more detailed data.

Synergy believes that limited data and details that was provided on the alternate

a) What do you consider to be a reasonable payback period?

   Synergy considers that a 3-5 years is a reasonable payback period.

b) What do you consider to be an appropriate discount rate for use in this cost-benefit analysis?

   WACC

General comment

Synergy is of a view that the RCP should consider whether the Alternative scenario can be implemented under the current WEM Rules (for example, potentially under clauses 2.37.5(d) and (i)) and no new rule change proposal would be required. This may potentially reduce the implementation timeframes slightly and reduce the cost.

Synergy considers that the RCP should also explore the extent to which the current Market Rules allow AEMO to assess the need for greater credit support for those Market Participants that it considers are at greater risk of defaulting – this will assist in reduction of overall market prudential exposure while better targeting the costs associated with increased prudential risks to those participants causing the risk (i.e. better reflects an economically efficient "causer pays" approach).