



26 March 2018

Australian Energy Market Operator
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Submitted via email: gwcf_correspondence@aemo.com.au

Gas Market Parameter Review 2018

Alinta Energy (**Alinta**) appreciates the opportunity to provide a submission to the Australian Energy Market Operator's (**AEMO**) Draft Report; *Gas Market Parameter Review 2018* (the **Draft Report**).

Alinta is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW, including 1,700MW of gas-fired generation facilities and 1,070MW of thermal generation facilities, and in excess of 900,000 electricity and gas customers including more than 400,000 in east coast markets. As an active market participant in wholesale gas markets Alinta has a direct interest in ensuring gas market parameters remain valid over time.

Alinta is therefore supportive of the review of gas market parameters currently being undertaken by AEMO, as a method of ensuring parameters remain durable and fit for purpose over time. In undertaking this assessment, Alinta notes the significant analysis and inquiry undertaken by both AEMO and Market Reform.

Draft Report Recommendations

Based on this analysis, Alinta understands that AEMO is recommending that all parameters remain unchanged, with the exception of the Cumulative Price Threshold (**CPT**) of the Declared Wholesale Gas Market (**DWGM**) (previously \$1,800/GJ, now recommended to be \$1,400). The Draft Report states that the rationale behind such a recommendation relates to providing increased risk protection to market participants buying gas. Alinta notes this finding, and is supportive of the increased risk protection that reducing the CPT in the DWGM will provide gas buyers. Alinta does not expect participant behaviour to significantly change as a result of this parameter modification.

Alinta appreciates the obligations and responsibility AEMO has in ensuring any changes to market parameters must be always be weighed against allowing participants ample time to establish their commercial strategies and cost structures against new market frameworks. Nonetheless, Alinta considers that the proposed effective date of 1 July 2020 provides enough time for participants to factor this change into their commercial decisions going forward.

Conclusion

It has been a significant period since a broad review of the wholesale gas market parameters has been undertaken, and as such, Alinta appreciates the analysis and modelling undertaken by AEMO

and Market Reform, and thanks them for their time taken to produce the quality of consultation undertaken.

Please contact Mr Anders Sangkuhl via email: anders.sangkuhl@alintaenergy.com.au or by phone 09 9375 0992 if you have any queries in relation to this submission.

Yours sincerely



Jacinda Papps
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