

29 May 2025

Australian Energy Market Commission (AEMC)

Via AEMC website: www.aemc.gov.au

Extension of the DWGM Dandenong LNG interim arrangements

Alinta Energy welcomes the opportunity to provide feedback on the proposed extension of the Dandenong LNG (DLNG) interim arrangements in the Declared Wholesale Gas Market (DWGM). We recognise the ongoing challenges in managing security of supply in the DWGM and the importance of managing these risks.

However, we remain concerned that the extension of existing arrangements for a further 3 years does not address the underlying issues that lead to these requirements in the first place. We recommend that the AEMC give consideration to reasons why contracting levels by participants at the DLNG facility have continued to remain low and the significantly reduced incentives that APA now has to increase contracting outside of AEMO.

To the extent the market cannot deliver an adequate outcome in the immediate term, which is unlikely given current circumstances, we recognise that a better-designed intervention could not be feasibly implemented before the expiry of the interim arrangements. As follows, despite the above issues, we accept the temporary extension of these arrangements.

It is important that the arrangements remain interim and are replaced as soon as practicable. The enduring solution being considered via the East Coast Gas Supply (ECGS) reforms should aim to maximise the extent to which the market delivers supply adequacy, limit the extent to which AEMO's intervention powers are required and minimise the distortionary impact of any centrally contracted reserves on the market and bid stack. Finally, the ECGS reforms should give due consideration to the DLNG facility and its role in system security, and if a level of continued contracting is required by AEMO to manage storage levels then, the facility's role in potential price setting with the DWGM should be examined.

Thank you for your consideration of Alinta Energy's submission. If you would like to discuss this further, please get in touch with Isidora Stefanovic at isidora.stefanovic@alintaenergy.com.au.

Yours sincerely,

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