

25 September 2025

Australian Energy Market Commission (AEMC)

Via AEMC website: [www.aemc.gov.au](http://www.aemc.gov.au)

### **National Gas Amendment (ECGS reliability standard and associated settings) Rule**

Alinta Energy welcomes the opportunity to provide feedback on the proposed East Coast Gas System (ECGS) reliability standard and associated settings directions paper.

#### **Key points:**

- **We broadly support the revised approach. We consider it would better address concerns regarding AEMO's market powers and the risk of increasing interventions.**
- **We support the establishment of the GRC led by the AEMC and propose mandatory inclusion of a wide range of stakeholders in the Committee.**
- **We consider the probabilistic approach should balance the need for AEMO to respond to threats with the risk of disproportionate or untimely responses.**
- **The framework should be developed with both industry and the GRC, and provide transparency around what will trigger AEMO's powers or other federal levers such as the ADGSM. It is crucial that interventions are not triggered (and there is no perception that they could be triggered) before the market has had adequate opportunity to alleviate the forecast shortfall.**
- **The key implication of the reliability settings is how they trigger interventions. These settings and triggers should not be developed in isolation. We recommend that there is adequate visibility and consultation of how these settings would link to all AEMO's intervention powers to ensure they are fit for purpose, including any applicable outcomes of the Gas Market Review underway prior to publishing the Draft Determination.**

#### **We are generally supportive of the AEMC's revised approach**

Alinta Energy is generally supportive of the AEMC's revised approach to the enhancement of the reliability and supply adequacy (RSA) framework for the ECGS. We consider the revised proposal in the directions paper better addresses the concerns we outlined initial

consultation on this rule change<sup>1</sup>.

While we support the AEMC's revised approach in the directions paper, we consider there are opportunities to minimise potential risks and enhance its effectiveness. To that end, we make the following recommendations for the Commission's consideration.

## **The Gas Reliability Committee (GRC)**

### **We support the establishment of the GRC led by the AEMC**

We support the establishment of a GRC to review the market price settings in the DWGM and STTM, led by the AEMC. Alinta Energy considers AEMO's core function should maintain as the market operator. This option, as noted by the AEMC<sup>2</sup>, avoids the conflict of interest in AEMO taking such a role that would expand its function.

As part of the establishment of a GRC, we consider:

- The proposed structure and composition of the GRC is suitable, and would suggest including different participants in the composition of the GRC be mandatory and drafted into the NGR to ensure a broad representation of stakeholder interests (as the NER does for the NEM Reliability Panel under 8.8.2);
- Willingness to pay (WTP) is best estimated by the AEMC. However, we wish to underscore the importance, given the AEMC's acknowledgement such an estimation is "not straightforward"<sup>3</sup>, that the approach to estimating WTP is undertaken by and/or with the broad composition of stakeholders within the GRC.
- The GRC should also take the role of reviewing and setting gas market parameters including (but not limited to) market and administered price caps in both the DWGM and STTM along with cumulative pricing thresholds. AEMO is not ideally placed to set these parameters.

## **Forecasting tools: GSOO & VGPR**

### **The probabilistic approach should balance the need for AEMO to respond to threats with the risk of disproportionate or untimely responses**

We support a probabilistic approach to assessing (and signalling) potential reliability risks or threats in the future. We also welcome the proposal for AEMO to leverage existing forecasting and modelling capabilities, which we support in the interest of avoiding additional reporting burden on participants. However, we caution that the probabilistic metric will need to avoid overly narrow projections that could trigger unwarranted market interventions.

We also note that in past periods of gas supply and demand imbalances – prior to the wave of ECGS stage 1 and 2 reforms - the market has effectively responded with the existing market price signals. Any future ECGS reforms should be enacted with the aim of providing the market with adequate opportunity to respond to any RSA threats *prior to* AEMO's intervention powers being triggered. Any perception that the intervention could occur prematurely could also disrupt the market's response.

---

<sup>1</sup> [https://www.aemc.gov.au/sites/default/files/2025-04/alinta\\_energy\\_-\\_grc0076\\_-\\_submission.pdf](https://www.aemc.gov.au/sites/default/files/2025-04/alinta_energy_-_grc0076_-_submission.pdf)

<sup>2</sup> AEMC, Directions paper, p.21.

<sup>3</sup> AEMC, Directions paper, p.iii.

## The threat signaling framework

**The framework should be developed with both industry and the GRC, and provide transparency around what will trigger AEMO's powers or other federal levers such as the ADGSM**

We support the development of a threat signaling framework to provide greater clarity to the procedures of what constitutes as a threat or risk to reliability. As noted above, it's important to consider the potential limitations of a probabilistic metric that will underpin this framework. As such, the setting of a tiered framework should not provide overly prescriptive measures that result in prematurely triggering a reliability threat prior. The design of the framework should ensure a range of factors are considered in the preliminary assessment of a threat, and provide the market with adequate time to respond. The range of factors should be determined, as suggested by the AEMC, "in consultation with industry"<sup>4</sup>.

We perceive a potential conflict of interest to the extent the entity responsible for intervening in the market is also responsible for setting the tiers (or criteria) that may permit them to intervene. For example, this could create an incentive to shape the tiers that allow discretion and minimise the risk of accusations that interventions were made contrary to the framework. As such, we propose:

- The GRC has a role in the setting and periodic review of the tiers alongside AEMO and industry to provide an additional layer of governance and scrutiny and a more objective and transparent approach around what will trigger an RSA risk or threat;
- The NGR mandates the involvement of industry and the GRC in setting of tiers;
- The NGR provides procedural guidance around the protocol of threat levels and issuing of notices to industry when tiers are triggered. This is in the interest of providing industry with reasonable time to respond prior to AEMO intervening; and ensuring the appropriate guidance is in place regarding resetting of targets;
- The NGR provides guidance to AEMO on how it should consult with industry (and the GRC as we propose) in setting and reviewing targets;
- Once tiers are initially set, the NGR should specify an appropriate review period for any changes, with changes undertaken only following substantial changes to market conditions or practical implementation of notices and actions to industry;
- Transparency and clarity on the triggering of AEMO powers is outlined in the NGR;
- The supplier of last resort rule change is yet to be released. The AEMC should consider whether the development of this rule change should be delayed until the release of this consultation, given the interrelationship between the RSA process here and the triggering of AEMO powers.

**There should be adequate consultation and clarity of how the reliability settings would link to the exercise of AEMO's intervention powers, including relevant outcomes from the Gas Market Review.**

AEMO has continued to be vested with powers to intervene in the market. Whereas AEMO's core function is to operate the market, progressively it has been given powers including, but not limited to, direct transport providers to supply volumes (potentially in violation of existing contractual requirements), direct participants to fill storage facilities, procure and trade gas reserves itself and manage LNG stock at the Dandenong LNG

---

<sup>4</sup> AEMC, Directions paper, p.ii.

facility. Further powers are being considered via the supplier of last resort scheme and a proposal from the Victorian government that would see it become an underwriter of LNG imports.

We are concerned that the reliability settings would influence how these interventions are exercised and are being developed without consideration of these implications. We consider that there needs to be adequate visibility and consultation of how these settings would link to all AEMO's intervention powers to ensure they are fit for purpose.

Finally, we recommend that the AEMC incorporates any relevant outcomes of the Gas Market Review underway prior to publishing the Draft Determination. As highlighted by the AEMC<sup>5</sup>, this rule change is part of the stage 2 RSA framework reforms, and as such, is interconnected with any changes to the triggering of the ADGSM mechanism and associated new AEMO powers around supplier of last resort. In light of the concerns noted above regarding AEMO's expanding powers in the gas market, we recommend postponing the draft determination of this rule change until the Commission can assess the RSA inputs within this broader context—specifically, once there is greater clarity on these additional mechanisms following the outcomes of the Gas Market Review.

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](mailto:isidora.stefanovic@alintaenergy.com.au).

Yours sincerely,

**Isidora Stefanovic**  
Regulatory Specialist

---

<sup>5</sup> AEMC, Directions paper, p.1.