

# Allowing AEMO to accept cash as credit support under the NGR

## We have initiated a rule change request to allow AEMO to accept cash as credit support in the east coast gas markets

The Australian Energy Market Commission (AEMC or Commission) has published a consultation paper to seek stakeholder feedback on a proposal from Delta Electricity (Delta) to allow cash as credit support in the National Gas Rules (NGR), in addition to bank guarantees. This request follows from a similar rule change made by the AEMC on 26 June 2025 [allowing AEMO to accept cash as credit support](#) in the National Electricity Market (NEM) up to a limit of \$20 million, which will commence on 1 November 2026.

We are seeking feedback on the problems raised and the solution proposed by Delta. Stakeholder submissions to the consultation paper are due by 30 April 2026.

## We seek your views on limitations with existing credit support requirements

The Australian Energy Market Operator (AEMO) operates the Declared Wholesale Gas Market (DWGM) and the Short Term Trading Market (STTM) to enable trading of gas and pipeline capacity in Australia's east coast. To trade in these markets, participants are required to provide an acceptable form of credit support to AEMO, unless exempted by AEMO. This provides financial assurance to AEMO in case a participant defaults and is unable to settle its outstanding dues.

Currently, the only acceptable forms of credit support in the DWGM and the STTM are bank guarantees or another immediate, irrevocable and unconditional commitment in a form acceptable to AEMO. Delta considers that while participants did not face barriers in obtaining bank guarantees historically, there has been an increasing trend of financial institutions no longer providing credit support to participants with exposure to fossil fuels, for example coal and gas fired electricity generation and coal mining. The NGR currently does not allow cash as credit support in these markets.

Due to these factors, Delta perceives a real risk that a market participant, while being a profitable and solvent business, may be unable to provide credit support.

Delta considers that the challenges in obtaining bank guarantees combined with the inability to provide cash could result in increased costs for gas consumers, driven by:

- higher financing costs for participants where bank guarantees cost more than cash
- weaker competition in the retail gas markets due to increased barriers to entry.

## We seek your views on Delta's proposed solution and associated risks

As a solution, Delta proposes allowing AEMO to accept cash as credit support in the DWGM and STTM up to a limit of \$20 million, in addition to bank guarantees. According to Delta, this would promote:

- lower financing costs for participants by allowing them to choose the least cost option available to them to provide credit support
- greater market efficiency by reducing barriers to entry and encouraging greater competition, particularly in the retail market
- more predictable and flexible credit support arrangements since participants generally have greater certainty about their own cash availability than obtaining bank guarantees

The AEMC's final determination on [allowing AEMO to accept cash as credit support](#) in the NEM identified that cash carries clawback risks for AEMO. This means that if a participant became insolvent, a liquidator could seek to claw back any cash held by AEMO in respect of that participant in order to pay other creditors. The AEMC's final rule introduced several measures to manage clawback risks, including a \$20 million cash limit per participant and granting AEMO first priority over cash held by AEMO in case of liquidation. As part of this rule change process, we intend to consider whether any similar or new risks arise from allowing cash as credit support in the gas markets - and if so, measures to mitigate these risks, including whether a variation of the \$20 million limit would be more appropriate for the gas markets.

### **We will assess how the proposed changes contribute to the NGO and propose three assessment criteria**

We will consider how any proposed changes would contribute to the achievement of the National Gas Objective (NGO). We propose to assess this rule change request against three criteria:

- **Market efficiency** – Will the proposed changes have efficiency benefits - e.g. lowering barriers to entry into the retail gas markets and increasing competition?
- **Flexibility and innovation** – Will the proposed changes make the rules more flexible and resilient to future changes in market settings? Will they foster more innovation in the retail gas markets?
- **Principles of good regulatory practice** – Will the proposed changes make the credit support requirements in the NER and the NGR more consistent? Will they improve predictability for gas market participants and promote market stability?

### **We will follow a standard rule change process**

Delta requested the Commission to follow an expedited rule change process. Delta's view is that this rule change would be non-controversial since the Commission has previously consulted on similar issues in detail for the NEM. However, the Commission considers that gas markets are quite different from the NEM and could present different issues or risks that were not assessed for the NEM. Hence, the Commission does not consider this rule change request to be non-controversial and will follow a standard process, but will draw upon learnings from the NEM rule change where relevant.

### **Next steps**

We seek your feedback on:

- the issues raised in the rule change request
- the proposed solution to allow cash as credit support, any viable alternative solutions, and associated risks and implementation considerations
- our proposed assessment criteria.

Submissions close on **30 April 2026**.

### **For information contact:**

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