

AEMC NATIONAL GAS AMENDMENT (ALLOWING AEMO TO ACCEPT CASH AS CREDIT SUPPORT UNDER THE NATIONAL GAS RULES) RULE 2026 DRAFT DETERMINATION (GRC0089)

30 APRIL 2026

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Electricity Objectives (NEO) so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make a submission under the National Gas Amendment (Allowing AEMO To Accept Cash as Credit Support Under the National Gas Rules) Rule 2026 Draft Determination.

We note that Delta Electricity—the proponent of this rule change—is a Supporting Member of the EUAA. Delta has not sought to influence our response. Our submission reflects the interests of the broader EUAA membership and is guided solely by the NGO.

The EUAA supports rules, legislation and procedures that deliver efficient, cost-effective and equitable outcomes for networks, developers and consumers. In most circumstances, this is best achieved through a nationally consistent approach. From our perspective, the Draft Determination largely achieves this, subject to confirmation that the proposed upper limit on cash-based credit support is appropriate for the East Coast Gas System (ECGS).

THE NEED FOR FLEXIBILITY IN A CHALLENGING TRANSITION

Most EUAA members have committed to net zero by 2050 and maintain strong ESG frameworks. They are progressing toward decarbonisation while managing the commercial realities of energy-intensive operations. This transition is complex, costly and increasingly unpredictable. Members therefore require flexibility to maintain business viability while investing in the technologies that will ultimately deliver net-zero outcomes.

Governments have taken similar pragmatic steps—such as extending the operational life of Yallourn and Eraring—to maintain system reliability during the transition.

The EUAA supports the transition to a net zero energy system but recognises the challenges in achieving this while maintaining reliability and affordability. For example, natural gas has often been “demonised rather than decarbonised,” despite its potential to materially reduce emissions in hard-to-abate industries and its compatibility with future biomethane pathways.

The energy transition is becoming increasingly “bumpy.” In such an environment, **greater flexibility—not less—is required** to ensure the long-term interests of consumers are met. Allowing cash to be provided as credit support in specific circumstances is a pragmatic measure that enables participants facing unique constraints to continue contributing to supply security and reducing the likelihood of price shocks.

IMPORTANCE OF MAINTAINING PARTICIPATION IN THE ECGS

With supply tightness looming across the ECGS, it is essential that all capable participants remain active in the market. The inability of a key participant to trade due to credit support constraints would:

- reduce available supply
- increase the risk of price volatility
- undermine consumer confidence
- exacerbate reliability challenges

It would be reckless to allow a situation where a participant is forced out of the market due to credit support issues rather than operational or commercial performance.

Given the specificity of AEMO’s prudential requirements, there are few viable alternatives to the rule change proposed by Delta. The only other option would be for governments to provide credit support directly—an undesirable precedent that would distort market incentives and risk politicising prudential arrangements.

ASSESSING RISKS TO AEMO AND THE MARKET

The EUAA does not hold a strong view on the insolvency-related risks to AEMO from accepting cash as credit support. However, discussions with market participants suggest that these risks are manageable and not disproportionate to the benefits.

In the case of Delta Electricity, the risk of insolvency—and therefore the risk of socialised costs arising from a clawback event—is significantly lower than the risk of:

- reduced gas supply
- increased price volatility
- diminished market competition
- heightened reliability concerns

From a consumer perspective, the latter risks are far more material.

EUAA POSITION ON THE DRAFT RULE

The EUAA supports the rule change to allow AEMO to accept cash as credit support in the STTM and DWGM, subject to confirmation that the proposed **\$20 million limit** is appropriate for the ECGS.

We consider that the rule change will:

- **Increase flexibility** in meeting prudential requirements without weakening the prudential framework.
- **Support smaller retailers** by providing an alternative to bank guarantees, improving competition and reducing barriers to entry.
- **Maintain or enhance market stability**, as the risks to AEMO and other participants appear manageable.
- **Reduce the likelihood of supply disruptions**, which is critical during a period of heightened system stress.

Overall, the AEMC needs to strike a reasonable balance between prudential integrity and market flexibility.

CONCLUDING REMARKS

The EUAA supports the Draft Determination and encourages the AEMC to finalise the rule change, subject to confirming the appropriateness of the \$20 million cap. Allowing cash as credit support is a pragmatic, proportionate and consumer-focused response to emerging prudential challenges in the ECGS.

The EUAA welcomes further discussions around the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.



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