SUBMISSION

Energy Users Association of Australia

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

3 SEPTEMBER 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 Gas Objectives (NGO) 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 AEMC's Draft Determination *Allowing AEMO to Accept Cash as Credit Support Under the National Gas Rules* consultation.

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.

We reiterate our support for the Commission's direction and welcome the strong alignment with the National Electricity Market (NEM) reforms. The draft rule represents a pragmatic and proportionate enhancement to the prudential framework in the East Coast Gas System (ECGS).

Our follow-up comments focus on two areas where we consider additional refinement would better promote the NGO: the proposed cash cap and the commencement timing.

CASH CAP – NEED FOR FURTHER CALIBRATION TO ECGS CONDITIONS

The EUAA supports the introduction of cash as credit support. However, we encourage the Commission to revisit whether the $10 million per-participant cap is sufficiently calibrated to the realities of the ECGS. While we recommended the AEMC confirm the appropriateness of the $20 million per-participant cap in our previous submission, we are now concerned the Commission has gone too far the other way.

Some participants, particularly those with material supply roles, operate with exposure profiles that exceed the proposed cap. In these circumstances, a $10 million limit may not provide meaningful flexibility, nor adequately address the prudential constraints that motivated the rule change. The NEM's $20 million cap reflects the scale of exposures in that market; while gas markets are smaller, the consequences of a participant being unable to trade due to credit support constraints are disproportionately severe given current supply tightness.

We therefore encourage the AEMC to provide explicit reasoning demonstrating that the $10 million cap is sufficient to avoid the risk of participants being forced out of the market due to credit support limitations.

From a consumer perspective, the risk of losing a capable participant, and the resulting impacts on supply, volatility and competition, remains materially higher than the insolvency-related risks associated with cash credit support, particularly with the layered protections the AEMC has already proposed.

COMMENCEMENT TIMING – OPPORTUNITY TO ACCELERATE

We acknowledge AEMO's advice regarding system and process changes. However, the proposed 1 November 2028 commencement date risks delaying a reform that could materially improve market stability during a period of heightened supply stress.

Given the strong alignment with the NEM rule (commencing 1 November 2026), and the fact that the gas rule largely replicates the NEM prudential architecture, we encourage the Commission to:

- Reassess whether an earlier commencement—potentially in 2027—is feasible, or
- Clarify the specific system dependencies that necessitate a two-year lag relative to the NEM.

An earlier start would provide participants with additional flexibility during a critical phase of the transition and reduce the likelihood of supply disruptions driven by prudential constraints rather than operational performance.

CONCLUDING REMARKS

Subject to the above refinements, the EUAA continues to support the draft rule. Allowing cash as credit support is a proportionate, consumer-focused response to emerging prudential challenges in the DWGM and STTM. We encourage the AEMC to finalise the rule in a manner that maximises flexibility while maintaining prudential integrity.

The EUAA welcomes further discussions on 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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