



10 April 2013

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Submission - Via www.aemc.gov.au

Dear Mr Pierce,

Market Operator Service – Timing and Eligibility Rule 2013

Alinta Energy welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's (AEMC) consultation paper on the National Gas Amendment (Market Operator Service – Timing and Eligibility) Rule 2013, proposed by the Australian Energy Market Operator (AEMO).

Alinta Energy is an active investor in the energy retail, wholesale and generation markets across Australia. Alinta Energy has over 2500MW of generation facilities in Australia (and New Zealand), and approximately 700,000 retail customers across Australia.

Alinta Energy has a commitment to growth and is actively pursuing gas market opportunities including as a participant in the short term trading market (STTM), particularly in Adelaide and Brisbane, and as such appreciates the work by AEMO and AEMC to improve these resources.

Reducing MOS period

Alinta Energy notes general support for a shorter MOS period from industry participants and AEMO.

As such, Alinta Energy endorses the reduction in the MOS period from three months to one, as this change will lead to increased competition, improved risk management, more flexibility in the market place, and increased efficiency as outlined by the AEMC.

Nonetheless, Alinta Energy notes that there is an absence of substantive analysis as to why a shorter period should not be progressed at this time given the consultation process already underway. Alinta Energy would support a further reduction to the MOS period, as a prudent and appropriate market based approach. Alinta Energy notes a shorter MOS would not necessarily prohibit offers for longer periods.

As it pertains to the MOS period, Alinta Energy agrees with the AEMC that this provision should be contained in the National Gas Rules, not the procedures.

Broadened eligibility

The foundation of any high-quality trading market is low barriers to entry which encourages new participants to enter into trading agreements. In this context, Alinta Energy welcomes the broadened eligibility definitions from the limited “eligible contract holder”, to include “trading right holder”.

Alinta Energy agrees with the commission that this change will positively contribute to the National Gas Objective and will likely lead to increased market participation from various smaller gas shippers and wholesalers, increasing competition and market efficiency.

Alinta Energy notes the view that new MOS providers are dependant on incumbent contract holder’s willingness to sub-contract. It should be noted that this would likely be less problematic if the MOS period was further shortened.


As it pertains to administrative and transactions costs, the AEMC is correct in that these can be priced into what are voluntary transactions.

Conclusion

Apart from these minor considerations Alinta Energy welcomes the consultation paper and appreciates the work of AEMO and AEMC at improving this aspect of the STTM market.

Should you have any queries in relation to this submissions, please do not hesitate to contact me on, telephone, (02) 9372 2633, or Anders Sangkuhl on (02) 9375 0962.

Yours sincerely,



Jamie Lowe
Manager, Market Regulation