



24 January 2013

Chairman John Pierce
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online - www.aemc.gov.au

Dear Mr Pierce

National Gas Amendment (Pipeline operator cost recovery processes) Rule 2012

Alinta Energy welcomes the opportunity to comment on the abovementioned rule change proposal submitted by the Australian Energy Regulator.

Alinta Energy believes the existing process does not appropriately assess costs claimed on invoices and therefore the Australian Energy Regulator's rule change proposal is welcomed by Alinta Energy.

In broad terms Alinta Energy supports the rule change and endorses the view that:

- the rule proposal will drive more efficient cost recovery by pipeline operators with respect to Market Operator Service in the Short Term Trading Market and for aggregation and information services in the Bulletin Board;
- the rule proposal will improve effectiveness and transparency for cost recovery including clarifying the points within the decision-making process and the responsibilities within that process attached to the Australian Energy Market Operator and the Australian Energy Regulator;
- the change will improve overall confidence in the process for market participants and general stakeholders; and
- these outcomes are in the long term interests of customers consistent with the National Gas Objective.

Given the absence of a market for the delivery of the relevant services it is appropriate there is assessment of the cost of the aforementioned services. Alinta Energy agrees that the Australian Energy Regulator is best placed to make such an assessment; however, the Australian Energy Regulator's assessment may be constrained by an absence of a relevant benchmark. It is unclear to Alinta Energy against which theoretical "prudent or efficient pipeline service provider" actual pipelines will be assessed.

On this basis, the information provided by pipelines to justify invoices would appear to be critical in determining efficiency. Nevertheless, where there is scant evidence or an absence of benchmarks (including other pipelines under assessment) to assess efficiency, then it may be appropriate to fall back on the existing test of reasonableness.

The definition of allocation services that the revised process relates to needs to be clarified to ensure that all parties, and pipelines, have greater certainty around cost recovery. Alinta Energy notes that costs associated with Short Term Trading Market facility allocations are not to be recovered under these processes.

Alinta Energy supports the inclusion of the Bulletin Board in this rule change and the timing of the rule change process; however, the retrospective application may be of concern to pipeline operators and Alinta Energy looks to consultation with affected parties to determine the appropriateness of this aspect of the proposal.

As for the timing of assessments, Alinta Energy is uncertain how the Australian Energy Regulator determined that up to 90 days would be required to perform the assessment as outlined.

Alinta Energy supports the rule change proposal and believes it will contribute to the efficient operation and use of natural gas services and is in the long term interests of customers.

Yours sincerely,



Jamie Lowe
Manager, Market Regulation

