



13 February 2013

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

Via [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Mr Pierce,

Alinta Energy welcomes the opportunity to make a submission in response to the National Gas Amendment (STTM Brisbane Participant Compensation Fund) Rule 2013.

Alinta Energy is an active investor in energy retail, wholesale and generation markets across Australia. As a user of the gas Short Term Trading Market (STTM), Alinta Energy participates in the Brisbane hub, and expects to be directly affected by the proposed rule change.

**Is the PCF amount that is proposed for the Brisbane Hub (that is \$450,000) appropriate?**

Alinta Energy acknowledges that the Brisbane PCF may not be large enough to cover the activity at the Brisbane hub. This rule change will bring Brisbane into line proportionately with PCF levels set in Sydney and Adelaide.

In the event of a scheduling error, the proposal ensures that trading participants will obtain an adequate level of compensation.

**Does it reflect the desired trade-off between the size of the risk associated with scheduling error losses and the cost of insurance?**

Alinta Energy supports the change as an amendment which will provide an appropriate level of insurance and compensation in the context of the existing market design.

Alinta Energy acknowledges that demand at the Brisbane hub is actually much larger than was originally projected and the current PCF level is only approximately 20% of the suitable size in proportion to total withdrawals.

Therefore, this rule change is warranted and Alinta Energy understands the rationale for fast tracking the rule change to ensure that the change comes into effect on 1 July 2013.

**Are there other benefits and costs associated with increasing the PCF amount which have not been identified by the proponent?**

Alinta Energy acknowledges that as an existing user of the STTM in the Brisbane hub, Alinta Energy will receive an additional charge until the new PCF reaches its upper limit and is fully funded.

Alinta Energy acknowledges that in the:

- first financial year the PCF fee will be \$0.0039 per GJ; and
- second financial year the PCF fee will be \$0.0022 per GJ.

Whilst never welcoming new fees, Alinta Energy does understand the need for these levies, until the PCF reaches its maximum limit. Nevertheless, these short term charges need to be balanced against the National Gas Objective's stated principle of "*strengthening participants' short-term ability to allocate and price gas efficiently*". Alinta Energy would caution against any fees in excess of these above for this reason.

Apart from this minor consideration Alinta Energy understands and appreciates the need for these additional charges, and supports the additional insurance and compensation that the PCF scheme will deliver in the Brisbane Hub.

Alinta Energy does not expect this rule change to alter the market incentives or behaviour when withdrawing gas from the Brisbane Hub.

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 9372 0962.

Yours sincerely,



**Jamie Lowe**  
Manager, Market Regulation