



22 December 2016

Shari Boyd
Director
Australian Energy Markets Commission
PO Box A2449
Sydney South, NSW 2135

By email

Dear Shari

RE: Retailer- Distributor Credit Support Requirements Draft Rule Determination

Alinta Energy (“**Alinta**”) welcomes the opportunity to comment on the Australian Energy Markets Commission’s (“**AEMC**”) recent Draft Rule Determination on retailer-distributor credit support requirements (the “**determination**”). Alinta is both a generator and retailer of electricity and gas in the east and west coast energy markets. It has over 1800MW of generation facilities, and in excess of 790,000 customers (including 190,000 in east coast markets). As a “tier-two” retailer on the east coast, Alinta takes a significant interest in the AEMC’s determination.

Alinta appreciates the effort the AEMC has undertaken in developing and consulting on the range of options in the *Options Paper*¹ process. As you may recall, Alinta’s position in its submission to that *Options Paper* was to retain the status quo in the absence of any robust case necessitating a change. However, where a change was required, Alinta favoured removing the credit-support regime; and enhancing the existing cost-pass through provisions.

Accordingly, Alinta strongly supports the AEMC’s proposals to: enhance the operation of the retailer insolvency cost-pass-through provisions and to remove the requirement for retailers to provide credit support to a distributor (except in the case of a history of late payment of distributor’s invoices by a retailer).

In summary, Alinta believes these recommendations promote the National Electricity and Gas Objectives, and balance the need for a rule-based mechanism to manage distributor revenue risk against a low cost solution for consumers.

However, Alinta believes the Commission’s draft rule determination should go further in prescribing options for the retirement of existing credit support obligations where a distributor currently holds credit support, for example where the retailer demonstrates a continued on time payment history provisions should exist for the return of any held credit support. Such provisions would support competitive neutrality across participants.

Alinta would be happy to discuss any aspect of this submission, or earlier submissions, where required.

Yours sincerely

John Philipson
Regulatory Compliance Advisor

¹ AEMC 2015, Retailer-Distributor Credit Support Requirements, options paper, 22 October 2015, Sydney