

30 April 2026

Australian Energy Market Commission
Project Lead Dr Achint Jain

Submission lodged via the Project Page.

Dear Dr Jain,

SUBMISSION TO CONSULTATION PAPER ALLOWING AEMO TO ACCEPT CASH AS CREDIT SUPPORT UNDER THE NATIONAL GAS RULES

Delta Electricity (**'Delta'**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**'AEMC'**) consultation paper on the proposal to allow the Australian Energy Market Operator (**'AEMO'**) to accept cash as a form of credit support in the Declared Wholesale Gas Market (**'DWGM'**) and the Short Term Trading Markets (**'STTM'**) (GRC0089).

As set out in Delta's rule change request, allowing cash as credit support in the gas markets is a relatively straightforward reform that is consistent with recent changes made in the National Electricity Market (**'NEM'**). The change would improve market access and reduce unnecessary costs for market participants. Delta considers the proposal is in the long-term interests of consumers, is proportionate to the risks involved, and can be implemented efficiently by leveraging existing frameworks already applied by AEMO.

Issues with the currently allowed forms of credit support in the NGR

Delta considers that many gas market participants, particularly smaller or newer participants, may face similar challenges in meeting the existing NGR credit support requirements. Reliance on bank guarantees and letters of credit can be disproportionate for financially sound participants, as these instruments tie up limited banking capacity, can be costly and time-consuming to arrange, and often reflect bank risk appetite rather than actual market exposure.

Materiality of the issues raised

Delta considers that the likelihood of more participants facing similar credit support challenges will increase as the energy sector undergoes structural change and sees greater participation from newer and non-traditional energy businesses. These participants may not meet bank financial thresholds despite being commercially sound, meaning reliance on bank-provided instruments will increasingly fail to reflect participants' true creditworthiness.

Effectiveness and benefits of the proposed solution

Allowing cash as credit support would directly address the identified issue by providing participants with a flexible and lower-cost alternative to bank-provided instruments, reducing reliance on third parties, and ensuring credit support is fully and immediately accessible to AEMO.

Delta considers there to be key benefits from allowing cash as credit support, including lower compliance costs for participants, improved accessibility for a wider range of market participants, and greater consistency between the electricity and gas markets.



Delta considers the benefits to be material, particularly for participants with moderate requirements where bank guarantee costs are not immaterial.

Risks of cash as credit support

Delta considers the risks identified by the AEMC to be low and manageable, and does not identify any additional risks. Adopting the same or equivalent risk mitigation measures already applied in the NEM, such as segregation of cash holdings and clear legal arrangements, would effectively mitigate these risks and can be readily applied in the gas markets.

Limit on cash as credit support

Delta accepts the preference for a limit on cash provided as credit support as an appropriate risk management measure and considers that adopting the same \$20 million limit used in the NEM is appropriate. This approach promotes consistency across energy markets and minimises implementation complexity.

Implementation considerations and costs

No additional implementation considerations or measures are required beyond those already used in the NEM, as AEMO has existing systems and governance arrangements to manage cash as credit support. Any implementation costs are expected to be minimal and would only directly impact AEMO.

Timeline and transitional provisions

Delta supports commencement as soon as practicable following a final determination.

Alternative solutions

Delta is not aware of any alternative solutions that would better address the issue.

Proposed assessment criteria

Delta agrees with the proposed assessment criteria and considers them appropriate.

Thank you for your consideration. Please contact me at joel.aulbury@deltapae.com.au should you wish to discuss any aspects of this submission.

Yours sincerely,

JOEL AULBURY
ACTING ENERGY MARKETS RISK MANAGER

