

To Economic Regulation Authority – Publicsubmissions@era.com.au
Subject Offer Construction Guidelines
Date 19 July 2023

Good Morning

Thank you for the opportunity to make a submission in respect to the recently published Offer Construction Guideline.

We have a reasonably sized trading team and consider that we can fulfill the requirements outlined in the Guidelines. It may be more difficult for smaller entities.

The one area of concern that we do have is the treatment of gas transport costs where the Guideline does not really go into much detail. This is a particularly difficult area to codify because, for us, it comprises a mix of firm and as-available capacity plus spot purchases.

We do not have any suggestions as to how this matter can be codified and suggest that each market participant will have to justify its approach separately. The treatment of gas purchases is similar but, perhaps, less onerous. Market price can be used for gas purchases, to an extent, but not for gas transport.

Our other concern, linked to this, is that AEMO has commented that any financial obligation to acquire firm gas contracts and gas transport contracts, to meet reserve capacity fuel security obligations, will be recoverable through the bidding process. This does not appear to be the case which will leave operators of firming capacity commercially exposed. It may well deter investment.

We also support the idea of a transition period before penalties are applied by the ERA. This is especially true if the market is introduced without adequate testing which currently appears to be the case.

Should you have any questions please do not hesitate to contact me at p.peake@perthenergy.com.au or on [REDACTED] This submission may be made public.

Kind regards

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I am based in the Perth Office and work Tuesday, Wednesday and Thursday