

17 April 2025

Anna Collyer
Chair
Australian Energy Market Commission

Submitted via email: www.aemc.gov.au

Dear Ms Collyer

Notice of closure for gas infrastructure – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Consultation Paper on the East Coast Gas System (ECGS) advanced notice of closure for gas infrastructure rule change.

Origin recognises the intent behind the proposed notice of closure obligations for gas supply and delivery infrastructure is to ensure that the Australian Energy Market Operator (AEMO) and market participants have complete and accurate information to facilitate more timely and efficient decision-making.

The primary challenge of the framework lies in balancing sufficient notice for market participants to respond to reliability and system adequacy (RSA) threats against the difficulty of accurately assessing the recoverable reserves of late-life assets. It remains unclear how the of notice closure framework will provide a more effective mechanism or greater insights than those currently available through existing reports.

The provision of between 36- and 42-months' notice of closure, as described in the three options, is unlikely to be sufficient lead time for market participants to make informed and efficient decisions about how to respond and mitigate the impacts of the closure. In recent years, the observation of declining reserves is consistent with record levels of gas production paired with declining exploration activity / appraisal drilling¹. Even if further exploration in known gas regions occurs, their development would likely exceed the mechanism's lead time, noting the technical, commercial and approval-related delays observed for expansions of existing reserves.

While the provision of a longer notice period may support more timely and efficient decision-making, the challenge of accurate assessment further out may not be practical. Risk profiles of late-life assets are asymmetric; as assets age, the ability to refine reserve estimates diminishes, and the range of possible outcomes widens. Origin considers that there are significant risks and uncertainties surrounding these supply / delivery developments, and the notice of closure requirements may encourage more conservative estimation, which would not support the intent of framework.

Noting the challenges stated above, the AEMC should consider whether the thresholds for reasonable estimation expectations and good faith / penalty provisions, Rule 165 and National Gas Law section 226 (1) are appropriate / proportionate, and provide may provide sufficient clarity for compliance. Where this is not the case it would drive more conservative behaviour, which is unlikely to result in the most efficient planning and delivery of gas infrastructure. The AEMC should therefore be satisfied that this risk can be overcome, and that adoption of the rule would result in a net benefit.

¹Craig A., 2024. [2023 Exploration and appraisal year in review](#). Australian Energy Producers Journal 64(S1), S1–S13.

If the rule progresses Option 2 may be most appropriate. Further detail is required in relation to some key issues including the treatment and process for gas supply / delivery infrastructure where an asset's categorisation or utility changes over time, production lives are shorter than the notification period (less than 36 / 42 months), or how those that hold Gas Bulletin Board reporting exemptions may seek an extension to notice of closure reporting.

If you wish to discuss any aspect of this submission further, please contact Liz Robertson at elizabeth.robertson@originenergy.com.au.

Yours Sincerely,



Steve Reid
General Manager, Regulatory Policy