

17 April 2025

Ms Anna Collyer
Chair
Level 15
60 Castlereagh Street
Sydney NSW 2000

By online submission

Dear Ms Collyer,

ECGS Reliability standard and associated settings (GRC0076)

AEMO welcomes the opportunity to respond to the AEMC's Consultation Paper "Gas reliability standard" (**Consultation Paper**). The Consultation Paper arises from the rule change request: *ECGS Reliability standard and associated settings*, submitted by Energy Senior Officials, to amend the National Gas Rules (**NGR**) to implement a reliability standard and associated settings in the east coast gas system, along with robust governance arrangements.

Proposed reliability standard

AEMO supports consideration of the development of a reliability standard for gas to support the management of gas reliability and supply adequacy in the east coast gas system. An effective reliability standard must provide a framework that is both predictable and transparent to industry stakeholders and policymakers to inform decision-making across the gas sector. A fit-for-purpose reliability standard should be expected to strengthen confidence that measures undertaken to address supply adequacy risks are proportionate, justifiable and consistent with reliability objectives. For AEMO, the reliability standard needs to be designed in a way that it can operationalise to inform and support its decision-making and any potential interventions it may make using its east coast gas powers.

AEMO considers that this consultation presents an important opportunity to progress the development of a clearly defined and operationally meaningful reliability standard for the east coast gas system. To support this outcome, AEMO encourages the AEMC to undertake further work to refine the underlying reliability objective, including analysis, modelling and potentially stress testing to evaluate how different reliability levels would perform under varying supply and demand conditions. Importantly, we consider that further design work is needed to develop the conceptual frameworks that would underpin the design of the proposed dual standard to build on the initial high-level proposal in the rule change proposal. It may also be necessary to establish a set of guiding principles to ensure consistent interpretation of reliability across the framework and maintain clarity of purpose over time. This work will be important to ensure that any proposed standard is evidence-based, reflects an appropriate balance between reliability and cost, and can be appropriately integrated into AEMO's planning and forecasting functions.

AEMO recognises that an interim reliability standard informed by an AEMC-calculated interim value gas customers place on reliability (**VGCR**) could be a pragmatic step to support the transition to a permanent framework. While an interim standard may not offer the same level of robustness or regulatory certainty as a



final VGCR and reliability standard developed by the AER and AEMC respectively, it would offer a clearer basis for operational and planning decisions during the transition period. However, AEMO would like to further understand how any transitional arrangements may work prior to the final standard coming into place. AEMO looks forward to collaborating with the AEMC to ensure that any interim arrangements can be operationalised.

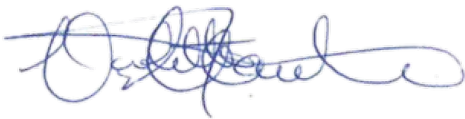
Communication tools

AEMO considers it appropriate for the threat level criteria to be set out in AEMO's ECGS Procedures, informed by the framework established in the NGR and the reliability standard. Given the nature of these thresholds, a degree of flexibility will be required to allow for their adjustment over time as conditions evolve. This approach will ensure that the thresholds remain relevant while maintaining alignment with the regulatory framework.

AEMO also supports the development of multiple levels of alerting – early warning, alert and emergency, with thresholds informed by the reliability standard and applied across the MT PASA, the Gas Statement of Opportunities (**GSOO**) and Victorian Gas Planning Report (**VGPR**). While the reliability standard is not intended to apply directly to the ST PASA, short term operational responses would continue to be informed by forecast information.

AEMO looks forward to continuing work with the AEMC on the Stage 2 RSA rule changes. Should you wish to discuss any aspects of this submission please contact Paddy Costigan, Group Manager, Gas Reform at Paddy.Costigan@aemo.com.au.

Yours sincerely,



Violette Mouchaileh

Executive General Manager, Policy and Corporate Affairs