

17 April 2025

Australian Energy Market Commission  
15/60 Castlereagh Street  
SYDNEY NSW 2000

**By Email:** [Submissions@aemc.gov.au](mailto:Submissions@aemc.gov.au)

To Whom it may concern,

**RE: National Gas Amendment: East coast gas system reliability standard and associated settings and notice of closure for gas infrastructure**

Epic Energy welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation on the introduction of a reliability standard and associated settings for the East Coast Gas System (ECGS) as well as the notice of closure for gas infrastructure.

As a transmission gas pipeline business with significant responsibility in transporting gas safely and reliably across South Australia, we support measures that enhance transparency and coordination in addressing reliability risks.

**Reliability Standard and Associated Settings**

Although we see value in the introduction of a value of customer reliability standard (VGCR), we believe that there are other additional levers which may achieve long term outcomes.

Investment in midstream gas infrastructure (transmission pipelines, gas storage etc.) is capital-intensive, long lead-time, and highly dependent on stable, predictable revenue signals. If the objective of the rule change is to encourage investment in flexible infrastructure to alleviate seasonal supply shortfalls or support gas-powered generation (GPG) peaking requirements, changes to just the short-term price signals are likely insufficient.

A capacity market or similar long-term capacity contracting model that values the flexible gas infrastructure would be a sensible response to the current market factors that the rule change is seeking to address.

The National Electricity Market (NEM) is experiencing similar issues with a lack of private investment in long duration storage (LDS) and flexible, dispatchable generation. This issue has been addressed in New South Wales through LDS Long Term Energy Service Agreements (LTESA) which provide support to the required storage for up to 40 years.

It is also in the process of being addressed by the South Australian Government's Firm Energy Reliability Mechanism (FERM) and was previously being addressed NEM-wide by the Energy Security Board. Any rule change in this area should take these other mechanisms into consideration to ensure that they compliment each other rather than compete and create undesirable outcomes.

We agree with the proponents that there are shortcomings in the current market settings, particularly in terms of incentivising timely flexible infrastructure investment. However, our experience demonstrates that short-term price signals, such as administered price caps or cumulative price thresholds, rarely underpin infrastructure investment decisions. Infrastructure projects such as pipeline expansions require long-term demand certainty and revenue security, historically through long-term firm contracts with shippers. If the expanded pipeline capacity is only required for a handful of days each year, it is unlikely that the new price signals will lead to sufficient contracts to underwrite the investment.

The rule change rightly acknowledges the parallels to the NEM reliability framework, but the NEM addresses long-term capacity adequacy through a combination of the Retailer Reliability Obligation (RRO) and the state-based schemes described above. In contrast, the ECGS has no such capacity mechanism to underpin infrastructure development.

Consideration should be given to introducing a gas capacity market or other long-term investment signal mechanisms as part of any further reforms. This would better support infrastructure investments required to meet forecast GPG and peak winter demands. The consultation paper notes AEMO's forecast of gas shortfalls from 2026, primarily due to declining southern production, increasing GPG demand, and infrastructure constraints. While this is accurate, we caution that short-term price signal-based reforms alone will not overcome the investment hurdle for new pipelines or storage projects.

The lead time for major transmission upgrades or new pipelines can range from 3–7 years, with regulatory approvals, easement negotiations, and construction timelines. Clear, coordinated, and long-term market signals are required.

The ECGS reliability framework should be integrated with broader system planning instruments (e.g., GSOO, Integrated System Planning), and underpinned by firm, bankable demand signals, not only real-time spot incentives.

### **Notice of Closure for Gas Infrastructure**

Although we are supportive of notice periods for closure of gas infrastructure, we are cautious that this should be at a facility level, and should not apply to subcomponents such as compressors or metering stations.

Pipeline infrastructure operates as an integrated system, however the commercial offering is generally comprised of the pipeline in its entirety. Decommissioning or modifying one component of the system does not and should not imply a permanent cessation of services on the pipeline.

An inclusion of these types of closures in the scheme will not deliver relevant market signals about reliability or deliverability. For example, where there is a closure of an industrial facility, the associated meter should be able to be closed without the notice period applying.

Pipeline operation and asset management is dynamic, and the inclusion of this information is more likely to cause confusion for market participants than to give an indication of changing market conditions.

Epic are of the view that amending the GSOO requirements is the most appropriate way to collect this data, as reporting via the Gas Bulletin Board may require changes to the internal IT framework.

If you have any questions or queries on the above, please don't hesitate to contact me at [jordan.dodd@epic.com.au](mailto:jordan.dodd@epic.com.au) or on 0473 562 947.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'J Dodd', with a stylized flourish at the end.

**Jordan Dodd**  
**Regulatory Advisor**  
**Epic Energy**