

23 May 2025

Anna Collyer
Chair
Australian Energy Market Commission

Submitted via email: www.aemc.gov.au

Dear Ms Collyer

East Coast Gas System Projected Assessment of System Adequacy – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) *East Coast Gas System (ECGS) Projected Assessment of System Adequacy* Consultation Paper.

Origin considers the existing suite of publicly available information relating to gas supply and infrastructure capacity / utilisation has been effective in helping to facilitate timely, informed and efficient operational decisions across the east coast gas market to date. Notwithstanding this, we recognise the intent of the proposed rule is to further support participant / Australian Energy Market Operator (AEMO) decision making through the provision of a more systematic assessment of reliability and supply adequacy (i.e. a short-term (ST) and medium term (MT) projected assessment of system adequacy (PASA)). For a reform of this nature to provide any additionality, it would need to be based on a robust methodology that provides a credible view of the east coast gas market, factoring in the many uncertainties that can impact the validity of the key outputs (e.g. uncertainty around the outlook for gas power generation (GPG)), particularly if the information is to be relied on to inform market interventions. It should also not result in additional / material reporting burden for industry. Specific design and implementation details to be considered in this context are noted below.

1. Design issues

1.1 Principles-based framework

Where the ST / MT PASA is to be pursued, establishing a principles-based framework that can evolve over time to meet stakeholder needs would be appropriate. We agree such a framework should be coupled with clear requirements for AEMO to consult with stakeholders on the development of any underlying methodologies / reporting requirements. The Consultation Paper notes the standard National Gas Rules (NGR) consultation process that can be applied to AEMO in this context, which provides stakeholders with 15 business days to respond to change proposals and draft decisions. This affords relatively limited time to evaluate material changes, and we recommend the AEMC considers a 30 business-day timeframe. The provision of clear procedural steps, interpretation guidance, and impact assessments will also help with the evaluation and operationalisation of future changes.

1.1 ST / MT PASA horizons and frequency of reporting

We support the proposed rolling 7-day ST PASA horizon. However, the AEMC should assess the comparative net-benefits of a shorter 6-month MT PASA relative to the 12-month horizon proposed. During the initial development of the proposed rule it was noted a 6-month outlook could be implemented using

information largely already available to AEMO, thereby reducing the level of reporting burden under that approach.¹ Such a change is also unlikely to undermine the efficacy of the framework, as there is likely to be a high degree of uncertainty associated with any 12-month forecast of expected gas consumption, particularly considering the variability of GPG. Further, the Annual Gas Statement of Opportunities (GSOO) and Victorian Gas Planning Report (VGPR) publications already provide a detailed 12-month outlook.

Origin recommends aligning the publication frequency of gas ST / MT PASA with the equivalent electricity market reports, produced hourly / three-hourly, respectively. If ST / MT PASA changes are published at D-1 / weekly as currently proposed, this could undermine the utility of the information and increase the risk of information asymmetry across stakeholders. The value of derivatives as a risk management tool is directly influenced by the quality / quantity of information available to the market, with efficient price discovery relying on timely provision of accurate data.

1.2 Modelling regions

Origin is supportive of a pipeline-linked approach (Option 2) to developing modelling regions. This approach would group regions based on their major transportation interconnections, capturing physical flow constraints and the unique configuration of the east coast gas market. Developing north / south regions (based around Moomba), as proposed under Option 1, is unlikely to adequately capture potential infrastructure and intra-regional reliability / supply adequacy issues that could emerge. Further, the demand / state-based regions (Option 3) approach would require more granular information and lead to additional complexity for no clear benefit relative to the pipeline-linked approach.

Consistent with our response under Item 1.1, further consultation on the approach will ultimately be required to ensure the modelling representation is meaningful and preserves the confidentiality of commercially sensitive information. The streamlining of data reporting obligations through the removal of duplicative reporting obligations should also be a priority, as regulatory burden continues to grow. However, the proposed amendments to Part 27 / 18 of the ECGS obligations on retailers, BB large users and LNG export projects should not remove existing exemptions / confidentiality protections (e.g. that prohibit disclosure of information on usage of single shipper pipelines that supply GPG).

1.3 Inputs and information requirements

The utility of ST / MT PASA will be influenced by the confidence stakeholders have in the quality of modelling / forecasting. If inputs are considered overly conservative and lead to a strong bias to predict false positive reliability and system adequacy (RSA) threats, this could undermine the overall efficacy of the framework. In this context, we agree AEMO will need to develop a robust methodology for projecting GPG demand and incorporate different sensitivities to provide for a range of possible outcomes across various market scenarios, rather than a single deterministic forecast that yields material errors.² Conveying any uncertainty associated with key inputs (e.g. the potential for maintenance windows at a facility to be shifted) and interdependencies between variables (e.g. storage levels and injection / withdrawal rates) would also allow stakeholders to make a more informed assessment of the reporting outputs.

1.4 Compliance / enforcement

Origin is supportive of integrating new data reporting requirements into the existing compliance and enforcement framework as participants are familiar with the information standard, and a consistent approach will support a timely introduction.

¹ Department of Climate Change, Energy, the Environment and Water, 'Reliability and supply adequacy framework for the east coast gas market – Stage 2 of framework development (Consultation Paper)', June 2023, pg. 38.

² AEMO, 'Developing a projected assessment of system adequacy (PASA) for the east coast gas system, October 2024, pg. 28.

2. Implementation

Origin is supportive of a staged implementation approach, as this would enable any refinement of data provision / collection and modelling, if required, during the pilot period. As noted by the AEMC, there is some interrelationship with the Reliability Standard and Associated Settings rule change that is being separately progressed over a longer timeframe. There is a risk this approach could result in subsequent changes to the MT PASA framework being required to enable it to be accurately applied to reliability standard (should both reforms progress). AEMO has also noted this approach could be higher cost, as acknowledged in the Consultation Paper. Given AEMO's latest GSOO is now forecasting peak day shortfall risks from 2028 (rather than 2025), the AEMC should consider extending the timeline to align with the reliability standard rule change process.³

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

Yours Sincerely,



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³ AEMO, '2025 Gas Statement of Opportunities', March 2025, pg. 66.