



16 May 2025

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

Email: submissions@aemc.gov.au

Dear Stuart,

ECGS Projected Assessment of System Adequacy – Submission by GLNG Operations Pty Ltd

GLNG Operations Pty Ltd (GLNG OPL) provides the following submission in response to the AEMC's consultation on the design of the form of the ECGS Projected Assessment of System Adequacy with recommendation to adopt a 'short-term PASA' and a 'medium-term PASA'.

In our view, there is value in establishing a medium-term PASA to share gas supply and demand data, thereby helping market participants to identify and, where possible, address risks before AEMO considers whether to issue threat notices under Part 27 of the NGR.

Neither a medium-term PASA or a short-term PASA will address the impending structural gas market supply shortfall

While there may be a prima facie case for a medium-term PASA, it and the proposed expansion of NGR reporting will not solve the underlying structural gas supply shortfall expected from as early as 2029. The only structural reform that will solve the impending issue is to ensure more gas is made available to the domestic market. Evermore onerous changes to regulation will not prevent supply and demand imbalances. It is our view that continued delays and impediments to gas development far outweighs any perceived benefits of additional market information.

We urge the Federal government (and States) to act now to cut red tape and enable existing gas projects to move forward—especially those that can supply the southern states in the near term. The Narrabri project, for example, has committed all of its gas to the domestic market but is still stalled by bureaucratic and legal disputes.

Constant regulatory reform is stifling investment

Whilst the intention behind the proposed NGR changes is meant to provide greater transparency to enable the market to identify and respond to potential supply/demand

threats, the patently obvious outcome of the constant regulatory change and ever-increasing compliance costs has been to stifle investment in new gas supply projects. Further change will compound the problem and will again fail to promote any new investment, which is needed to avoid the forecast structural gas supply shortfalls.

The key focus of regulatory reform in 2025 must be to promote rapid investment to ensure that the East Coast does not suffer shortfalls as soon as 2029. Once the underlying problem is mitigated and investment has returned, then regulators can turn their attention to more transparency measures in a well-supplied, functioning gas market.

GLNG supports a medium-term PASA

A Medium Term PASA based on weekly reporting of tailored supply and demand balance inputs through a rolling 12 month outlook (encompassing gas weeks 1 to W+51) will provide the required transparency to enable AEMO to assess ECGM supply adequacy and reliability; particularly as the proposed inputs include GPG demand, infrastructure constraints, LNG uncontracted gas available to the domestic market, gas supply and actual shipper use data.

However, for the report to be fit for purpose, the key outputs from the medium-term PASA report will also need to be updated to include gas supply information inputs.

Short term PASA not supported

A large volume of data is already available to AEMO through Gas Bulletin Board reporting under Part 18 and under Part 27 reporting which includes daily, weekly and monthly reporting using different forecast periods – daily, weekly, monthly, 6 monthly, 24 months etc. Current GBB reporting captures weekly supply and demand data for periods beyond the 7-day space and the short term GBB submissions capture daily data in the 7-day space.

Any intra- week changes that arise that could materially impact gas supply/demand balance across the east coast, can be captured through existing daily GBB reporting and an obligation to report a material change to medium-term PASA data inputs.

We encourage the AEMC to avoid creating additional daily reporting obligations with a six-month forecast for a short-term PASA, as these additional reporting obligations will significantly increase regulatory reporting costs without providing any additional useful benefit to market participants to assess supply adequacy to meet demand.

Further, whilst the proposals were inspired by the NEM PASA system, it is not appropriate to adopt a similar approach for the gas market. The NEM relies heavily on spot market trading to match power supply and demand utilising the five-minute generation dispatch and the five-minute settlement system which is significantly different to gas market that trades through STTMs, Gas Supply Hubs, DWGM and bilateral agreements.

A reliability standard should not be considered

The AEMC is currently considering if the medium-term PASA should include an assessment against a reliability standard, (noting that this will require further consultation). We suggest this would be inconsistent with the objectives of the proposal:

*The objective of the proposed changes is to enable market participants to respond more effectively and efficiently when demand is forecast to **exceed** supply in the short and medium-term, providing participants the opportunity to shift gas demand before the situation requires AEMO intervention.*

A reliability standard is more relevant to determine where future investment in capital expenditure projects relating to system security and replacement of assets can best be placed and does encourage a level of infrastructure investment to ensure market supply adequacy and reliability security is met. However, it is not the best tool to determine if, when and how a supply demand issue exists in the shorter term.

Weekly Reporting of LNG Export Data is not necessary. Existing monthly reporting under R. 691 is sufficient

Currently LNG exporters report the volume of LNG to be exported each month (including feed gas) to AEMO under Part 27 Rule 691(b) on the last day of each month - for the next 6 months. Extending the reporting of LNG export data to 12 months under a medium-term PASA will increase compliance costs.

The annual volume of LNG exported is agreed with buyers, so changes to the LNG Export Data is unlikely to significantly change across a month nor during the course of the year so weekly data reporting is not necessary.

However, if the AEMC determines to proceed with weekly reporting of LNG Export data then that reporting should occur on a Monday, so the timing is consistent with other weekly reporting obligations that occur.

There is little value in LNG exporters providing a 24-month forecast as the data provided can only be a best estimate based on usual plant and pipeline operations. However, usual operations can be interrupted for various reasons impacting the accuracy of the data reported – making longer term data less accurate.

LNG Export data must remain under Part 27 and be confidential

Under Part 27 of the NGR the LNG Export Data is submitted confidentially to AEMO and is published by AEMO as aggregated data to ensure the confidentiality of LNG exporters individual positions. GLNG OPL supports the AEMC's recommendation to safeguard commercially sensitive information by limiting publication to aggregated data. Disclosing detailed commercial data risks undermining investor confidence, particularly where agreements were made with the expectation of confidentiality. Ongoing use of aggregated reporting from LNG proponents is essential to maintain market and investor integrity and trust. There is simply no compelling reason to change the rules to move the reporting under Part 18.

LNG exporters gas supply to the domestic market must remain under Part 27 and be reported on an aggregated basis.

LNG export projects provide a 6-month forecast of the quantity of gas they expect to supply the domestic market under Part 27 Rule 691(a). This is reported to AEMO on the last day of

each month for each of the next 5 consecutive months. We suggest that this reporting obligation could be reformed to allow for a 12-month forecast. However, given the importance of maintaining confidentiality it must remain under Part 27 and be reported as aggregated data. The information reported by AEMO is sensitive to our international buyers and the LNG exporters.

If the AEMC determines to proceed with weekly reporting then we recommend that the input reporting occur on a Monday, so the timing is consistent with other weekly reporting obligations.

Demand forecasting for LNG Exporters must be simplified

LNG exporter gas demand is currently reported or gleaned from a number of data sets reported to AEMO under the NGR:

- Daily gas demand under Part 27 R. 688 for gas day D to D+6.
- LNG facility consumption data for the day under Part 18 R. 189A on gas day D+1 for gas day D (unless an exemption is provided by AEMO which requires for each delivery point at which the LNG export facility is connected to a BB pipeline, the LNG export facility is the only recipient of gas withdrawn at that delivery point R.190(3). GLNG has this exemption which avoids duplicative reporting).
- BB pipeline nominations reported each gas day for gas days D+1 to D+6 under Part 18 R. 183 (which indicates the gas consumption at the GLNG Plant).

We support removing the duplicate reporting but suggest that Part 18 Rule 189A is removed and Part 27 R. 688 is retained.

Capacity and LNG Maintenance reporting must also be streamlined to remove duplication

Currently pipelines, BB facilities and compression facilities have to report capacity under Part 18 and Part 27:

- A short-term capacity outlook (STCO) – reported daily on gas day D for days D+1 to D+6 (Pt 18 R.178). This report must take into account those factors that will materially affect capacity. Ongoing daily reporting is only required where the data changes and is otherwise deemed to be unchanged (Part 6.3 of the BB Procedures).
- A medium-term capacity outlook (MTCO) – reported weekly and is based on matters affecting daily capacity for an outlook period of 24 months. Reporting includes the start and end dates of matters affecting capacity, description of the matters and daily capacity during the period (Part 18 R181). This data is reported each Monday by 7:00pm with the outlook starting the following Monday. Material changes must also be reported. (Part 6.3 of the BB Procedures). The STCO provides the first week of capacity data.
- Also, maintenance work to be carried out on LNG processing facilities including the start and end dates on which the maintenance is expected and anticipated impact on gas demand must be reported on the first day of each calendar month for the next 24 months Part 27 R. 689. In practical terms the MTCO is used to report under Part 27.

This duplicate reporting must be streamlined, and we suggest that Part 27 reporting be removed. As the MTCO under Part 18 (weekly reporting) is used to reflect maintenance activity, this could continue and be used to inform the Medium-term PASA. We do not consider that it is necessary to report daily a rolling 6-month forecasts. Intra week changes are already captured in the STCO and for the longer-term forecast material changes to maintenance schedules impacting capacity are captured in the MTCO.

Rule 690 daily reporting (amount of line pack in a line pack zone and expected daily capacity for each pipeline segment) should not be moved from Part 27 to Part 18.

R. 690 (Part 27) currently requires pipeline reporting facilities to report daily to AEMO on the amount of line pack in a line pack zone and expected daily capacity for each pipeline segment for the day and the next 6 days. The AEMC is proposing to move this reporting from Part 27 to Part 18 of the NGR, so the information is reported by BB pipelines on the Bulletin Board. The rationale being that this reporting will provide market participants with greater transparency of these matters.

When this rule was introduced, this information was considered necessary to enable AEMO to build a pipeline system model and understand where linepack was located within pipelines across the east coast. Whilst linepack volumes are gas supply, the actual ability to move the linepack gas is constrained by pipeline capacity which is already reported under Part 18¹.

Therefore, if individual pipeline linepack is published on the BB it will likely cause confusion as market participants will not know if the linepack is accessible due to pipeline constraints. Therefore, this data will be of little value or benefit to the market to understand if there is a gas supply/demand shortfall.

Therefore, the data should remain under Part 27 and if published should be published as an aggregated volume and qualified by capacity constraints.

Gas Buyers and Shippers must provide information directly to AEMO.

As noted in the consultation paper, there is currently no obligation in the NGR for gas users or gas buyers to provide BB facility operators with a 7-day forecast of their projected use of these facilities and it is being proposed that BB shippers provide BB facility operators with their good faith best estimate of their 7-day forecast use of the facilities each gas day and for gas buyers to forecast daily quantity it is proposing to purchase for gas day D to D+6.

However, the AEMC is proposing that this obligation be on the gas production facilities to obtain the information from gas buyers and that a transitional period be introduced to enable BB production facilities and their buyers to make necessary amendments to contracts to enable this to occur.

The obligation to report this information must be on the shippers and the gas buyer. Gas producers and facility operators cannot be responsible for the reporting of other market participants and, most certainly, cannot ensure the accuracy of other participants' data. In our view, this is entirely unreasonable and unacceptable.

¹ Linepack/capacity for pipelines is reported under R. 179 (part 18), using an LCA flag on gas day D-1 for gas days D to D+2 and is updated when the flag no longer reflects the actual or expected capacity of the pipeline to meet its nominations for withdrawal from the pipeline. Capacity is also reported under the MTCO and STCO.

Medium-term PASA reports should include an overall assessment of gas supply/demand balance across the east coast in addition to providing regional analysis/reports.

The AEMC is considering if reports should separate demand and supply data into regions e.g. north (Qld and NT) and south (NSW, VIC, SA and Tas). Whilst regional reporting is sensible, in order to gain an overall view of gas supply and demand balance the report should also include a whole of the ECGM supply demand forecast.

Streamline reporting across all government agencies must be aligned

While we acknowledge the AEMC has considered existing data sources in developing the proposed changes, we encourage the AEMC, AEMO, AER, and ACCC to continue collaborating with industry to streamline reporting, with the goal of establishing a single, unified data set for industry reporting. As a minimum, the AEMC should report on what steps it has taken to harmonise reporting across the various agencies.

Should you have any queries in relation to the submission, please do not hesitate to contact me.

Kind regards

Yours sincerely,

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