

AEMC EAST COAST GAS SYSTEM (ECGS) NOTICE OF CLOSURE FOR GAS INFRASTRUCTURE - DRAFT DETERMINATION (GRC0074)

7 AUGUST 2025

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Energy Objectives so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make a submission under the ECGS Notice of Closure for Gas Infrastructure - Draft Determination.

We are supportive of the introduction of an ECGS notice of closure, however do not think that the current Draft Determination goes far enough.

The existing reporting and monitoring tools may well provide reasonable information for the gas sector to foresee an infrastructure closure, but this does not assist our members who are planning their own production outputs based on a reliable supply of natural gas through existing gas infrastructure.

Additionally, the gas industry has indicated in submissions that it prefers a "soft" approach to mandatory notice of closure requirements. Therefore, we believe it is warranted to strengthen the mechanism presented in the Draft Determination. We also see that the mechanism detailed in the Draft Determination is subject to gaming.

COMMUNICATION

AEMC propose that the notice of closure be captured as part of the annual Gas Statement of Opportunity (GSOO) and/or the Victorian Gas Planning Report (VGPR) surveys. While this is a good trigger mechanism, we believe that notification of intent to close should occur as soon possible after the decision is made, and not wait until the next survey. Only collecting notice of closure information at the point of survey and only publishing in the GSOO and/or VGPR could mean the market does not find out about the closure for up to 7 months, limiting the time the market has to respond.

Additionally, while publishing notices for closure in the GSOO and VGPR is a must, the Gas Bulletin Board (GBB) is a one stop shop and it would be remiss not to include the notice of closure(s) on the GBB as soon as AEMO is notified.

INFRASTRUCTURE TYPES

While we agree with the nameplate rating of 10 TJ/day or more reporting threshold and the seven infrastructure types; production facilities, pipelines, storage facilities, compression facilities, LNG import facilities, blended gas distribution systems and blend processing facilities, we are concerned about the obligation applying at a *whole facility* level. Our concern arises from:

- It would appear that if a partial closure or equipment closure occurred, with the impact being a reduced output or throughput, that this will not be captured
- We are unsure how the notice of closure would operate for facilities with multiple owners
- For Dandenong LNG, the storage facility is rated to inject 108 TJ/day, however the compression facility is only rated at 5.5 TJ/day. It would appear that the storage facility would be required to give notice of closure however the compression facility (critical to the storage) will not have an obligation.

We recommend that

- the obligation applies to equipment or partial closure that reduces the output/throughput of a facility by more than 10 TJ/day (similar the *Generator Three Year Notice of Closure Rule 2019* for individual units)
- system critical components such as the compression facility Dandenong LNG, although below the 10 TJ/day threshold, would have a reporting obligation

TIMING OF NOTICE

We agree with the three-year notice of closure period, which allows a suitable period of time for the market to respond to the closure. However, there is currently little to no incentive to meet this timeline as

“...the Commission has not sought to set a strict minimum notice period in the draft rule...”

and

“...the draft rule would require the reporting entity to provide reasons to AEMO on why the notice could not be given 36 months in advance.”

We believe that the notice period should be strict, and similar to the *Generator Three Year Notice of Closure Rule 2019*, proponents providing a notice of closure with less than three-years notice would need to first apply to the AER for an exemption to the minimum three-year period with the AER providing Guidelines as to the circumstances that would be acceptable to receive an exemption.

While we recognise that the AEMC cannot create new civil or conduct provisions, we also understand that the AEMC can make recommendations to the Energy Ministers’ Meeting or to the Victorian Minister for Energy, Environment and Climate Change that new or existing provisions of the NGR and under *National Gas (Victoria) (Declared System Provisions)*.

We disagree with the AEMC's preferable draft rule to not amend any clauses that are currently classified as civil or conduct provisions in the NGR or NGV and to not make a recommendation for penalties to the Energy Ministers' Meeting or to the Victorian Minister for Energy, Environment and Climate Change.

We believe that the Draft Determination contains no incentive for the gas industry to comply with the notice of closure provisions. This means that the obligation will be an obligation in name only and the concern that led to this rule change will not be met. That is:

"...the size and scope of the energy transition could trigger closures and expose the East Coast Gas System."

We believe that civil penalties for non-compliance would provide an incentive to meet the minimum notice period.

CONCLUDING REMARKS

We are supportive of having a Notice of Closure mechanism embedded in the NGR.

However, the current Draft Determination falls short in several ways:

- Timing and location of notices
- Infrastructure types and partial closures of plant
- A lack of civil penalties and strict notice period

The actions of a few in the gas sector has led to a general distrust of the entire gas sector by our members and therefore we believe it is warranted to strengthen the mechanism presented in the Draft Determination. We also see that the mechanism detailed in the Draft Determination is subject to gaming.

The EUAA welcomes further discussions around the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.



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