



Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2001

28 August 2025

Dear Ms Collyer,

**East Coast Gas System Projected Assessment of System Adequacy – draft determination**

ENGIE Australia & New Zealand (ENGIE) welcomes the opportunity to respond to the Australian Energy Market Commission's (the Commission) consultation paper that seeks to introduce two new projected assessment of system adequacy (PASA) forecasts to cover supply, demand, and infrastructure capacity of the East Coast Gas System (ECGS) over seven-day and 12-month outlooks.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet that includes renewables, gas-powered generation, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

In their current form, ENGIE does not support the introduction of the two new PASA forecasts. While ENGIE can see value in implementing an ECGS PASA, ENGIE is primarily concerned the Commission's draft determination places additional reporting requirements and costs upon market participants, without being able to proportionately share in the benefits of the PASA forecasts. As such, ENGIE considers that the draft determination may not represent the most fair or efficient outcome that could otherwise be achieved.

Given this context, the remainder of this submission sets out ENGIE's detailed response to the draft determination and provides further feedback on areas of concerns, including:

- the extent to which the Australian Energy Market Operator (AEMO) could produce PASA forecasts using data already available to them;
- the significant and undisclosed costs associated with the proposed reform on market participants; and
- the limited value of extending demand forecasts beyond the D+2 timeframe without a price signal.

***Existing information available to AEMO may be largely sufficient to undertake the proposed new PASA forecasts***

ENGIE is concerned about the implications of the Commission's draft decision requiring AEMO to procure additional participant data to inform the proposed PASA forecasts. At a time when government are increasingly focused on enhancing productivity across the energy sector, ENGIE cautions against introducing more reporting obligations on market participants, particularly in the absence of a clearly demonstrated benefit.

Participants have already incurred financial and operational costs to implement the Part 27 East Coast Gas Reform, which introduced the Expected Daily Gas Demand submission process. This submission process requires ENGIE and other participants to report gas demand (including generation) and the intended supply for D+1 to D+7 to AEMO on a daily basis. ENGIE is of the view that the existing Expected Daily Gas Demand submission process are likely sufficient to provide AEMO and the market with appropriate visibility of short-term gas supply, particularly when the current Part 27 requirements already cover the proposed reporting period and are published on the Gas Bulletin Board.

ENGIE contends that a more efficient solution than what is proposed in the draft determination would be for the Commission to consider reviewing the Part 27 rules and progressing arrangements for AEMO to leverage existing submissions for the proposed PASA forecasts. This approach would likely reduce duplication and minimise costs to participants, while supporting the intent of this rule change. Should the Commission continue with its current approach, ENGIE encourages the Commission clearly outline the additionality of the proposed new reporting requirements in relation to the costs that will be incurred by market participants.

***The Commission should work with AEMO to outline an estimate of the reform costs before proceeding with the rule change in its current form***

ENGIE is concerned that at present, there is limited transparency around the actual cost of the reform, with only a general indication that it represents a 'significant undertaking, requiring material changes to systems and processes' to upgrade AEMO's forecasting capabilities.<sup>1</sup> While larger participants may be able to absorb these costs or better manage the constraints on operational resources, ENGIE is concerned that smaller participants (many of whom have been encouraged to enter the market to improve liquidity) may face proportionally larger challenges.

As such, ENGIE considers it important that AEMO provide the Commission with an estimate of the efficient implementation costs of this reform. This will help ensure that the financial impact is properly understood and provide a level of transparency that any decision to proceed with proposed implementation pathway is based on reasonable assessment of proportionality and value for money.

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<sup>1</sup> AEMO, *Developing a PASA for the ECGS*, 2024. [Link](#).

### ***Inaccurate forecasts offer little value to market participants nor assist in operational decision-making***

While the ECGS PASA is intended to be based on a 'high-quality dataset', ENGIE notes that high-quality forecasts are only useful when paired with corresponding market bids that provide a price signal.<sup>2</sup> Without this, extended demand forecasts beyond D+2 offer limited market value, especially as participants typically rely on standing bids beyond D+1. These concerns are further amplified by the lack of clarity around how gas-powered generation (GPG) assets will be reported, given that such assets are not registered in either the DWGM or the STTM.

In relation to GPG forecasting, ENGIE acknowledges that AEMO has identified challenges in accurately modelling GPG demand. While the proposed residual methodology and scenario-based modelling appear reasonable, the value of producing such forecasts remains unclear - particularly if they are 'difficult to forecast'.<sup>3</sup> ENGIE contends that further clarity on the GPG modelling is needed to provide market participants with an appropriate level of certainty. For example, whether GPG usage estimates will be expressed in MWs or TJs, given the variation in unit heat rates across different assets.

### ***Where to from here?***

While ENGIE does not support the proposed new PASA forecasts in their current form, ENGIE would support a return to the three-day proposal outlined in the initial consultation paper, on the condition that it imposes no additional cost to market participants and allows AEMO to produce forecasts using its own data - consistent with its approach to producing the electricity PASA. This approach would likely strike a more appropriate balance between achieving the objectives of the rule change and avoiding unnecessary regulatory obligations and costs for market participants.

### **Concluding remarks**

Should you have any queries in relation to this submission please do not hesitate to contact me, by telephone, on 0400 731 274.

Yours sincerely,

*Ronan Cotter*

**Ronan Cotter**  
Regulatory Advisor

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<sup>2</sup> AEMC, ECGS Projected Assessment of System Adequacy – draft determination, 2025. [Link](#).

<sup>3</sup> AEMO, *Forecasting gas usage for gas-powered generation*, 2025. [Link](#).