

## East coast gas system reliability standard and associated settings

**The Australian Energy Market Commission (AEMC or Commission) is seeking feedback on proposed enhancements to the reliability and supply adequacy (RSA) framework for the East Coast Gas System (ECGS).**

### **We are seeking stakeholder feedback on proposed changes to the reliability and supply adequacy framework for the East Coast Gas System**

Our directions paper outlines the Commission's current thinking on the issues and solutions raised in response to the rule change request submitted by the Chair of the Energy Senior Officials and the Hon Lily D'Ambrosio MP, Minister for Climate Action, Minister for Energy & Resources and Minister for the State Electricity Commission (the proponents) in July 2024.

This rule change is one of four that seek to enhance the reliability and supply adequacy (RSA) framework for the ECGS. The RSA framework intends to equip the Australian Energy Market Operator (AEMO) and market participants with tools to better respond to the risk of gas supply shortfalls.

We are seeking feedback on our proposed solutions to help us inform the draft rule determination.

### **We propose a tiered risk or threat signalling framework to support the communication of reliability risks with greater clarity and objectivity**

In line with the rule change request, the Commission considers that the current risk or threat notice framework lacks objective criteria for categorising risks or threats, and limits AEMO's ability to communicate changes in their nature and severity. This can lead to untimely or disproportionate responses to RSA risks or threats from market participants or AEMO.

To address this, we propose the introduction of a tiered risk or threat signalling framework informed by a probabilistic metric of supply not meeting demand within rolling forecasts up to 12 months. The tiered framework is aligned with the [ECGS PASA rule change](#). This would improve upon the current non-tiered approach, allowing market participants to proportionately respond to RSA risks or threats.

We are proposing that AEMO define triggers for each of the tiers in consultation with industry. The National Gas Rules (NGR) would provide guidance for how AEMO sets the tiers and consults with industry. We consider that this approach strikes a balance between flexibility and predictability of the framework.

### **We propose an independent committee to review the facilitated gas market settings to ensure they remain fit for purpose**

The Commission proposes several changes aimed at achieving a consistent, streamlined and comprehensive review process of the market price settings for the Declared Wholesale Gas Market (DWGM) and Short Term Trading Market (STTM). The Commission considers that these changes would ensure the market settings remain fit for purpose in a context of growing risks of supply shortfalls. The proposed changes are:

- A gas reliability committee (the GRC), constituted by the AEMC, would perform the review of the market settings instead of AEMO. This would address the perceived conflict of interest

that would arise if AEMO were responsible for both reviewing the settings and operating the markets.

- The GRC would likely consider a wide range of inputs when reviewing the market price settings, including relevant customers' willingness to pay to avoid curtailment. Future reviews should assess the market settings for the DWGM and the STTM concurrently.

The Commission considers these improvements are proportionate to support adequate investment and planning signals in the ECGS. In assessing the proponents' preferred approach, the Commission considered that introducing an ECGS reliability standard akin to that used in the national electricity market is not needed to support the outcomes the proponents are seeking with the request.

### Finally, we propose four improvements to the GS00 and VGPR reports

We propose four improvements to enhance transparency and the quality of information in the gas statement of opportunities (GS00) and Victorian gas planning report (VGPR). These improvements propose AEMO:

- use a probabilistic metric for the gas shortfall forecast in the GS00 and VGPR
- disaggregate the reliability forecast beyond the current North/South split in the
- include an assessment of credible risks to system resilience in both reports
- develop and consult on gas forecasting guidelines (instead of the AER performing this role).

### Next steps

We are seeking stakeholder feedback on our directions paper. Written submissions responding to this directions paper must be lodged with the Commission by 25 September 2025.

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