



5 September 2025

Our Reference: APLNG – COR – 105330  
Your Reference: Consultation on draft report - GRC0080

Stuart Norgrove  
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Australian Energy Market Commission  
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By electronic lodgement: [www.aemc.gov.au/contact-us/lodge-submission](http://www.aemc.gov.au/contact-us/lodge-submission)

Dear Mr Norgrove

**Re: National Gas Amendment (ECGS) projected assessment of system adequacy rule draft determination submission response**

Australia Pacific LNG Pty Limited (APLNG) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) '*ECGS Projected Assessment of System Adequacy (PASA)*' rule change request draft determination.

We were disappointed to note that the AEMC appears to have given very little consideration to APLNG's earlier submission, as it has incorporated or adjusted its draft determination for very little of APLNG's feedback. Our comments in this submission are provided in the hope that the AEMC applies greater gravity to the impact of the proposed PASA reforms as outlined in its Draft Determination.

APLNG is the largest supplier of natural gas to the domestic market of the East Coast LNG producers contributing over 2,300 petajoules to date, with a further ~600 petajoules contracted to domestic customers until 2035. That total supply of natural gas is equivalent to the energy used to power every Australian home for around six to seven years. Since 2011, APLNG has:

- invested over AUD\$60 billion dollars to develop coal seam gas fields, build transport infrastructure, and process gas for both domestic and international use
- supported thousands of Australian manufacturing and construction jobs
- enabled gas powered generation to firm for renewable energy.

Over this time, APLNG and its shareholders have adopted a business strategy of continuing to invest in developing its own gas reserves to not only meet long-term LNG export contract commitments but also provide gas to the domestic market. The ability to finance investments relies on access to export market demand and scale, international capital, and the presence of competitive, clear, and stable investment signals.

**General comments**

Market interventions introduced post APLNG FID, particularly the changes introduced in 2022/23 (e.g. introduction of the Gas Market Code and implementation of the East Coast Gas System Procedures), have made it increasingly challenging for APLNG and its shareholders to continue to invest.

The short-term nature of interventions and policy review cycles have made it harder for both sellers and buyers to engage in long-term contracts which has dampened investment confidence and created risk in long-term contracting.

APLNG does not believe that further amendments to the ECGS reliability and supply adequacy framework (by bringing in a short-term (ST) and medium-term (MT) projected assessment of system adequacy (PASA) report, will incentivise the domestic investment needed to address the fundamental challenges facing the ECGS, those being to:

- unlock additional supply (particularly in the southern states)
- address infrastructure constraints.

APLNG notes that the Commonwealth Gas Market Review is currently ongoing and aims to help shape fit-for-purpose policy settings that balance energy security, investment certainty and Australia's reputation as a reliable LNG supplier. We consider that any further changes to regulatory reform in the east coast gas market should be paused until the Gas Market Review is complete. Not doing so risks further unnecessary changes that are not aligned with government, industry and other stakeholder positions, an ultimately could be unnecessary.

In addition, APLNG questions why the AEMC and AEMO are proceeding with ST and MT PASA reforms before the reliability standard is established. For short- or medium -term system adequacy to be assessed, the reliability standard would need to have already been determined—otherwise how could the AEMC or AEMO have a clear understanding of what data is required and what the threshold for 'adequacy' will be?

#### **Scale appropriate thresholds for change notification**

Putting aside the timeliness or necessity of the proposed PASA, APLNG has significant concerns about the proposed changes to the threshold for change notification that could impact LNG exporters if Part 27 reporting obligations are recreated in Part 18.

Currently, under rule 688<sup>1</sup> of the NGR, AEMO's East Coast Gas System procedures (section 2.2.1(i)) ensure that LNG exporters are, '*only required to report on material changes in accordance with clause 2.2.1(g) where there is a net impact on the supply of gas available from the LNG export project to the domestic market*'. This is an important modifier. Section 2.2.1(g) is the same threshold the AEMC has proposed to embed in its changes to the NGR and is completely inadequate for LNG export-scale operations.

The existing modifier—that LNG export projects need only submit updated forecasts where there is a net impact on the supply gas available from the project to the domestic market—is a pragmatic approach to ensuring that AEMO has the best available and relevant information, and that LNG exporters are not being burdened with pointless reporting.

APLNG suggests that if the PASA reforms proceed, the proposed insertion of rule 185A is adjusted to reflect the existing modifier embedded in the ECGS procedures. For example (changes underlined):

#### **185A 12-month outlook for LNG export projects**

- (1) The responsible reporting entity for an LNG export project must, in accordance with the BB Procedures, provide to AEMO a forecast of the LNG processing facility's daily consumption of gas for each gas day over the next 12 consecutive calendar months.
- (2) The BB Procedures may provide for an item of information to be provided to AEMO under subrule (1) to be a reasonable estimate or approximation, where the provision of the information is not otherwise practicable.
- (3) The responsible reporting entity for the LNG export project must provide the information referred to in subrule (1) to AEMO at the start of each week, starting on the day specified in the BB Procedures, except in circumstances where, in accordance with rule 167, the BB

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<sup>1</sup> Proposed for deletion by the AEMC as part of its PASA reforms.

Procedures permit the reporting entity to rely on an exemption and the use of default values for a gas day.

(4) An LNG export project is only required to report on material changes in accordance with rule 165(3) where there is a net impact on the supply of gas available from the LNG export project to the domestic market. If there is a net impact on the supply of gas available from the LNG export project to the domestic market, the responsible reporting entity for an LNG export project must, as soon as practicable in accordance with rule 165(3), update information provided under this rule if there is a material change in the information.

If the modifier is reapplied, then the threshold values proposed to be inserted at rule 141(1)(b) are of lesser importance. Notwithstanding, a material change threshold of less than two per cent is much less than the threshold for variation applied to any other domestic gas production or LNG export project reporting obligation overseen by the ACCC, the AER or AEMO. Given the threshold applies to 12 months work of data and is to be updated weekly, 10 per cent of the nameplate rating would be more closely aligned to the materiality tests applied to other LNG export project reporting obligations, and would be markedly less burdensome from an implementation perspective.

### **Existing confidentiality protections should be maintained for commercially sensitive data**

APLNG acknowledges the intent behind streamlining the reporting obligations set out in paragraph 3.2.4 of the Draft Determination by consolidating the existing information disclosure requirements in the East Coast Gas System (ECGS) Rules<sup>2</sup> and bringing them into the Gas Bulletin Board (GBB) Procedures.<sup>3</sup> In principle we support efforts to reduce unnecessary regulatory burden and duplicative reporting under various heads of power. However, changes to mandatory reporting must not compromise the existing confidentiality protections afforded under the ECGS Rules. APLNG strongly maintains that these confidentiality protections and rules around disclosure remain essential for the appropriate treatment of commercially sensitive information.

These protections safeguard commercially sensitive and operationally critical data and ensure that participants can comply with reporting requirements without compromising competitive positions or system security

### *Adequacy of NGL Protections for AEMO Disclosure*

APLNG considers that the classes of authorised disclosure of information set out under Subdivision 2 of Division 7 of the National Gas Law (NGL)<sup>4</sup> are sufficient to allow AEMO to disclose protected information where necessary and appropriate, while still providing reportable entities with appropriate protections.

In its draft determination, the AEMC has not carried across the categorisation of Part 27 datasets as 'protected information', as the AEMC considers there may be instances where disclosing information collected under these obligations would be required to support reliability and supply adequacy.

The AEMC noted that consolidating existing information disclosure requirements into Part 18 "*do[es] not represent changes in policy.*"<sup>5</sup>

Subdivision 2 of Division 7 of the NGL currently allows for the authorised disclosure of protected information<sup>6</sup> under a wide range of circumstances. This includes, but is not limited to, information disclosure where:

- a) prior written consent is provided by the reporting entity<sup>7</sup>

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<sup>2</sup> Part 27 of the *National Gas Rules* (NGR)

<sup>3</sup> Part 18 of the NGR

<sup>4</sup> *National Gas (South Australia) Act 2008*

<sup>5</sup> Paragraph 3.2.4., page 23 of the *Draft Determination*

<sup>6</sup> Section 91GA of the NGL

<sup>7</sup> 91GB

- b) disclosure is to a prescribed body<sup>8</sup> or to certain entities for a prescribed data sharing purpose<sup>9</sup>
- c) the information that omits the protected information,<sup>10</sup> is de-identified<sup>11</sup> or aggregated<sup>12</sup>
- d) the disclosure is necessary for the safety, reliability, adequacy or security of the supply of covered gas, a pipeline or necessary for the proper operation of a regulated gas market.<sup>13</sup>

APLNG considers that the existing disclosure authorisation provisions, in particular (d) above, are more than sufficient to allow AEMO to publish the necessary information to enable the PASA reports and balance the objectives of the ST and MT PASA with the need to preserve confidentiality. Importantly, their treatment as protected information provides a legal framework that ensures disclosures are made in a considered and controlled manner, and only when necessary to achieve specific operational or market objectives. Given that the protected information provisions have existing information disclosure carve outs that allow AEMO to achieve its purpose and functions, where the AEMC does not bring across the existing information disclosure protections, APLNG considers that this is in fact, a change in policy.

#### **Principles-based framework must consider burden in the PASA objective**

APLNG notes that the AEMC has adopted a principles-based framework in its draft determination, with the intention that this framework will evolve through stakeholder consultation over time, rather than relying on formal rule change processes.

While APLNG recognises the flexibility such an approach offers, we maintain our position that regulatory certainty is critical to the effective functioning of the gas market. Unlike the formal rule change process—which is underpinned by defined criteria, structured decision-making and mandatory consultation timeframes—a principles-based approach allows AEMO significant discretion to determine and modify the inputs and outputs of the ST and MT PASA.

This introduces the risk of frequent and less predictable changes, driven by internal processes or informal consultation, rather than a transparent and rigorous regulatory process. For market participants, this would increase uncertainty and undermine confidence in the long-term consistency of obligations. This is particularly problematic where participants must make operational, commercial, or investment decisions based on the information frameworks being adjusted without formal rulemaking oversight.

APLNG recommends that if AEMO is to be guided by a PASA objective within this framework, that explicit reference to regulatory certainty should be included in the objective itself. Further, the objective should include clear principles requiring consideration of the efficiency and effectiveness of data collection and reporting, relative to the cost and burden on participants responsible for producing that data. APLNG has therefore proposed the amended wording below, with our additions in italics:

*“The ECGS PASA is a program of information collection, analysis, and disclosure of medium-term and short-term reliability and adequacy of supply prospects in the east coast gas system to inform decisions about supply, demand, and outages of plant and equipment used in the production, transportation and consumption of covered gases for periods up to 12 months in advance. The ECGS PASA must be made with respect to:*

- a. the efficiency and effectiveness of AEMO’s data collection and reporting systems; and*
- b. the price, quality, reliability and burden associated with market participants production of data; and*

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<sup>8</sup> Section 91GC of the NGL

<sup>9</sup> section 91GCA of the NGL

<sup>10</sup> 91GE

<sup>11</sup> 91GF

<sup>12</sup> 91GFA

<sup>13</sup> 91GG

c. *the need for regulatory certainty for existing and proposed reporting requirements.*”

Without these safeguards, the intended benefits of a flexible framework risk being outweighed by operational inefficiencies, increased compliance costs, and market-wide uncertainty.

#### **Producers should not subsidise the short and medium term PASA through participant fees**

APLNG notes the AEMC’s classification of the PASA reform as a ‘major gas project’ under the Draft Rule, which enables AEMO to recover associated implementation costs through participant fees. Under this designation, the reform is considered a Reliability and Supply Adequacy (RSA) function and can be consulted on through the expedited consultative procedure.

APLNG acknowledges that it, along with other market participants, will be required to contribute to funding the ST and MT PASA through AEMO-determined participant fees. These fees are expected to be allocated based on the National Gas Objective (NGO), AEMO’s guiding principles and broader fee structure methodologies. As a reporting entity under the proposed rule change, APLNG will have ongoing responsibilities to provide data to support the ST and MT PASA processes.

However, APLNG has significant concerns regarding how costs will be allocated. APLNG’s main level of engagement with the ST and MT PASA will be as a reporting entity subjected to additional mandatory reporting requirements. It is APLNG’s position that the *cost-reflective principle* should ensure that participant fees should be based on the relative benefit received by a party. This is because each layer of additional reporting, increased burden and contribution to regulatory certainty has a cost. There is a risk that AEMO will instead apply the *non-discrimination principle* by distributing costs evenly across all participant classes, regardless of their benefit from the reform. This approach would place an undue financial burden on some participants—including those already contributing extensive data—and potentially subsidising others who derive greater operational benefit.

APLNG’s position is that the National Gas Objective requires implementation costs for new reforms to be allocated in a manner that reflects who benefits from the change. This is essential to ensure that appropriate market signals are maintained, and to promote efficient investment in, and operation and use of, covered gas services.

It is not appropriate—nor consistent with the NGO or the AEMC’s rule-making obligations—to recover implementation costs through participant fees from entities that derive limited or no benefit from the reform, particularly when they are already subject to new reporting obligations. In practice, this would result in producers subsidising reform outcomes that do not support or enhance their operations. A more equitable and economically sound approach would be to socialise these costs in proportion to the relative benefit received by different market participants.

#### **Civil penalty provisions should be substantiated by the decision matrix**

APLNG notes that the AEMC, in its draft determination, has recommended that the Energy Ministers adopt Tier 1 penalty provisions in relation to the proposed new reporting obligations. The AEMC justifies this position by referencing the importance of these provisions in supporting the security and safety of gas supply.

APLNG does not consider that the AEMC has adequately demonstrated a direct and specific link between the proposed Tier 1 penalties and the objective of ensuring gas supply security and safety. The imposition of the highest tier of civil penalty provisions carries significant consequences for participants and must be clearly justified with transparent, evidence-based reasoning.

APLNG therefore requests that the AEMC provide a detailed rationale and step out specifically how the Decision Matrix for Penalty Classification has been applied to support its recommendation, even where the proposed rules have maintained the same classification from the ECGS Rules.

APLNG supports a strong compliance regime where it is warranted, but cautions against the automatic or overly broad application of Tier 1 penalties in the absence of a robust and clearly articulated justification.

We appreciate the AEMC's consideration of this submission. APLNG remains committed to working constructively with the AEMC and AEMO throughout this process. We urge the AEMC to consider the concerns raised in this submission to ensure the ST and MT PASA delivers tangible benefits to the market without imposing undue burdens on participants or undermining the stability of the regulatory framework. Should you have any queries relating to this submission, please contact Kieran Olsen, Compliance Manager, on 07 3021 3347 or via email at [compliance@aplng.com.au](mailto:compliance@aplng.com.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Simon Game', with a stylized flourish extending from the end.

**Simon Game**  
General Manager Commercial  
Australia Pacific LNG Pty Limited