

APA

Australia's energy
infrastructure partner

National Gas Amendment (ECGS reliability standard and associated settings) Rule Directions Paper

APA Submission

26 September 2025



Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
SYDNEY NSW 2000

Lodged online

26 September 2025

**RE: APA Submission to ECGS reliability standard and associated settings
Directions Paper**

Dear Ms Collyer,

Thank you for the opportunity to comment on the AEMC's National Gas Amendment (ECGS reliability standard and associated settings) Rule 2025 Directions Paper (the Directions Paper).

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. Through a diverse portfolio of assets, we provide energy to customers in every state and territory. As well as an extensive network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and 692 MW of renewable generation and battery storage infrastructure.

We support the AEMC's proposed position to not establish a formal gas reliability standard in the East Coast Gas System (ECGS). Across the ECGS, commercial decision-making and contracting, rather than regulatory processes, has enabled the nimble and efficient expansion of infrastructure and the appropriate allocation of risk between parties. Maintaining these market fundamentals, and ensuring that new gas supplies are brought online, will ensure that the gas system's very high reliability standards are continued.

Our submission below addresses many of the questions raised in the Directions Paper. If you have any questions about our submission, please contact John Skinner on 0435 898 022 or john.skinner2@apa.com.au.

Regards,



Natalie Lindsay
General Manager, Economic Regulation and External Policy

1. Submission

Key Points








- Bilateral contracting between APA and shippers has led to the efficient expansion and reliability of the east coast grid.
- Investment is driven by the individual needs of customers, based on the risk and reliability they choose.
- We support the AEMC's proposed position to not establish a formal gas reliability standard in the ECGS.
- We agree that probabilistic, rather than deterministic, approaches to assessing reliability is appropriate.

1.1. APA as a partner of choice in Australia's energy transition

APA is a leading ASX listed energy infrastructure business. Consistent with our purpose of securing Australia's energy future, our diverse portfolio of energy infrastructure delivers energy to customers in every Australian state and territory. For decades we have owned, operated, and maintained some of Australia's most important energy infrastructure.

Figure 1: APA's portfolio

Our diverse energy infrastructure portfolio

Gas infrastructure	Contracted power generation	Electricity transmission
 Transmission >15,000 km transmission pipelines	 Renewable energy 342 MW Wind 356 MW Solar 75 MW BESS	 >800 km high-voltage electricity transmission
 Storage 12,000 tonnes LNG 18 PJ gas	 Gas fired 884 MW	 including 290 km deep-sea cable
 Distribution >29,500 km gas mains and pipelines >1.5 million gas customers		

Our 15,000 kilometres of natural gas pipelines connect sources of supply and markets across mainland Australia. We operate and maintain networks connecting 1.5 million Australian homes and businesses to the benefits of natural gas. We also own or have interests in gas storage facilities and GPG.

We operate and have interests in 692 MW of renewable generation and battery storage infrastructure, while our high voltage electricity transmission assets connect Victoria with South Australia, New South Wales with Queensland and Tasmania with Victoria.

APA actively supports the transition to a lower carbon future. In August 2025, we published our FY25 Climate Report 2.0, detailing our progress against our Climate Transition Plan. This plan outlines our commitments to support Australia's energy transition and pathway to net zero operations emissions by 2050.

With our extensive portfolio of assets and expertise across gas, electricity and renewables, APA is well-placed to support the energy transition towards net zero. Our submission below provides views on many of the issues raised in the Directions Paper.

1.2. Threat signalling mechanism informed by probabilistic metrics

This section addresses:

Question 2: Do you consider the proposed probabilistic approach can support a clearer and more objective risk or threat signalling framework?

Question 3: Do you consider the proposed tiered approach can support a clearer and more objective risk or threat signalling framework?

The Directions Paper proposes a probabilistic approach to understanding risks or threats to reliability.¹ We agree that probabilistic, rather than deterministic, approaches to assessing reliability is appropriate.

Gas infrastructure is very reliable. While there could be a large reliability impact from a single contingency outage, the probability of such an event occurring is very low. Probabilistic approaches will ensure far more efficient outcomes for consumers.

The Directions Paper proposes a three-tiered threat escalation mechanism, similar to that employed in the National Electricity Market. A three-tiered mechanism would allow AEMO to clearly communicate the level of reliability risk or threat and escalate or de-escalate the respective levels of those risks or threats as required.

Given the reliability of gas infrastructure, it might be helpful if the threat notice were to identify if the threat arises as a result of a shortage of gas supply, or due to pipeline capacity constraints. This will assist the market in developing a more targeted response to the threat.

As the Directions Paper points out, AEMO already has the ability to issue market notices signalling threats to system security. These notices can be issued in emergency situations or where there is a threat to the reliability or adequacy of the supply of covered gas within the East Coast Gas System. For example, on 19 June 2024, AEMO issued an East Coast Gas System Risk or Threat Notice following high demand from gas powered generation and depleting gas storage in the ECGS.² We agree that a three-

¹ AEMC, *ECGS reliability standard and associated settings*, Directions paper, 28 August 2025, p11

² AEMO, *East Coast Gas System Risk or Threat Notice*, 19 June 2025

tiered approach would allow for a sensible progression of risk or threat notices, informed by probabilistic metrics.

1.3. A flexible approach to implementation is needed

This section addresses Question 4: Do you consider the proposed implementation framework provides the right balance between NGR and ECGS procedures?

The Directions Paper proposes that the National Gas Rules can be changed to better guide AEMO's use of risk or threat notices whilst still allowing for the flexibility required in the ECGS procedures or guidelines.³ The Directions Paper outlines a proposed framework for consideration.

In consultation with industry, we support AEMO being required to:

- define the specific criteria for each of the threat levels
- publish the probabilistic metric values
- specify when AEMO will convene a gas supply adequacy and reliability conference

This approach would broadly align with the National Electricity Market Lack of Reserve notice framework outlined in the ST PASA procedures and associated guidelines.⁴

We do not consider that the NGR need to set a specific number of threat level tiers AEMO will be required to implement, or a link between the tiers. However, similar to clause 4.8.4A of the National Electricity Rules, we think there is benefit in at least three risk or threat levels being defined in the ECGS procedures, and that those arrangements are reviewed at least once every four years.⁵

1.4. Decoupling threat signalling from the reliability mechanism

This section addresses Question 5: Do you have any additional feedback on the proposed risk or threat signalling framework, which does not include a reliability standard?

As we outlined in our April 2025 submission to the AEMC's Reliability Standards and Associated Settings Rule Change (GRC0076) Consultation Paper, there could be significant variability in gas customers' value of reliability.⁶ For this reason, we agree that a reliability standard should not be linked to a threat signalling framework. Such an approach could also create inefficiencies, given the different value customers place on a reliable gas supply.

³ AEMC, *ECGS reliability standard and associated settings*, Directions paper, 28 August 2025, p16

⁴ AEMO, *Short Term Projected Assessment of System Availability Procedures and Reserve Level Declaration Guidelines*

⁵ Rule 4.8.4A, *National Electricity Rules*.

⁶ APA, *Submission Stage 2 Reliability Standards and Notification of Closure Consultation Papers*, 17 April 2025, p14

1.5. Using Willingness to Pay to inform the market price settings

This section addresses Question 6: Do you consider that it would be beneficial for the WTP of certain customers to have more weight in future reviews of the STTM and DWGM market settings?

In the Directions Paper, the AEMC proposes to use Willingness to Pay (WTP) as an input when updating the market price settings.⁷ We agree that a NEM styled reliability standard is unlikely to be the most efficient or appropriate way to improve the market price settings.

We agree that customers connected to the gas distribution system should not be considered when determining WTP. However, given the relatively small number of large customers that will be used to determine the WTP measure, there is likely to be a wide range of WTP values revealed as part of the process. There are several reasons for this:

- while some gas users are likely to value their gas supply very highly (such as gas power generation operators who rely solely on their gas supply to earn revenue) others are likely to place a much lower value on their gas supply. Customers that have the ability to fuel switch or ramp down production, for example, will likely attribute a lower value to their gas reliability.
- in the ECGS, gas is traded and transported mainly through bilateral contracts between large entities. Parties choose the level of supply and transportation reliability best suited to their needs.⁸ Each participant identifies their own risk and reliability trade off, bearing in mind their own individual circumstances. Given each party uses gas for a slightly different purpose, there is likely to be a wide disparity in their willingness to pay.
- each of the large retailers will have a diverse group of customers across the ECGS, each with a bespoke bilateral contract. Depending on retailer's strategy for balancing load and each customer's location and individual needs, compensation terms for non-delivery of gas are likely to be different in each individual contract.

For these reasons, we consider that using information in bilateral contracts, such as compensation terms for non-delivery of gas, to infer the value different customers place on reliability, could send inaccurate signals about the actual value customers place on reliability.

We consider that surveys of relevant customer segments, as well as using the WTP of GPG revealed through NEM prices as a proxy for WTP, are more appropriate measures for discovering the WTP of large customers.

⁷ AEMC, *ECGS reliability standard and associated settings*, Directions paper, 28 August 2025, p24

⁸ For example, choosing a firm vs interruptible gas transportation service.

1.6. Introducing a Gas Reliability Committee

This section addresses Question 7: Do you consider introducing a GRC to review the market price settings in the DWGM and STTM can strengthen the review process?

Transparency and strong governance arrangements are essential in updating the market settings. We support establishing a Gas Reliability Committee (GRC), similar to the NEM's Reliability Panel, with representation from producers, industry and gas infrastructure providers.

The GRC would perform similar roles to the Reliability Panel, including overseeing the market settings in the STTM and DWGM. As outlined in the Directions Paper, the GRC should oversee the process to establish customers' WTP and determine the market price settings via a formal report.

1.7. Updates to the GSOO and VGPR

This section addresses Question 8: Do you agree with our proposed improvements to the GSOO and VGPR?

The Directions Paper proposes updates to the Gas Statement of Opportunities (GSOO) and Victorian Gas Planning Report (VGPR). These reports use a probability of exceedance level, with a focus on two demand levels being exceeded only once in 20 years or once in two years.

We support a more probabilistic approach to highlight reliability risks, and agree that AEMO should consider reporting based on relevant geographic areas to signal location specific shortfalls.⁹

The Directions Paper also proposes including a requirement in the NGR for AEMO to consider system resilience in preparing the GSOO and VGPR.¹⁰ Any assessment of credible risks in a ECGS resilience assessment needs to incorporate a probability assessment and recognise the remote risk of failure of gas assets. The ability of large gentailers to shift demand between regions and between fuels also supports the resilience and flexibility of the ECGS.

There is a risk that a system resilience assessment could send inappropriate signals about the need for investment. Duplicating gas infrastructure, despite there being a very small probability of asset failure, would be very costly for consumers in the long run.

⁹ AEMC, *ECGS reliability standard and associated settings*, Directions paper, 28 August 2025, p30

¹⁰ Ibid., p31