



25 September 2025

Submission: ECGS Reliability standard and associated settings – Directions Paper

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure. APGA members ensure safe and reliable delivery of over 1,500 PJpa of gas consumed in Australia alongside over 4,500 PJpa of gas for export.

APGA welcomes the opportunity to contribute comments to the Australian Energy Market Commission's directions paper on implementing a reliability standard and associated facilitated market settings for the East Coast Gas System. APGA commends the AEMC for its work to date on this issue and consistent approach on consultation with stakeholders.

A tiered risk or threat signalling framework informed by a probabilistic metric

Directions powers for AEMO were put in place without specific guardrails on when and how to action those powers. The current binary framework does not allow AEMO (or operators) the ability to tailor responses to the nature and magnitude of the threat, leaving it a relatively blunt instrument for managing reliability risks.

In this context, APGA agrees it is appropriate that a tiered risk or threat signalling mechanism be devised to allow AEMO to better communicate reliability and supply adequacy risks or threats to the market. APGA also agrees with a probabilistic rather than deterministic metric.

This is necessarily dependent on the detail that will be established through other processes, namely, AEMO ECGS procedures and guidelines. In advance of making a rule to establish this framework and separately considering whether the NGR should prescribe how AEMO would link directions functions to that framework, **APGA recommends convening an industry working group with AEMO to co-design definitions, criteria and scope.**

Willingness to Pay in balancing reliability and affordability

As previously detailed in our April 2025 submission, APGA was opposed to establishing a Value of Gas Consumer Reliability (VGCR) for the proposed reliability standard. Developing an overall VGCR would be challenging and expensive, and not a particularly useful measure to support the trade-off between reliability and affordability in the ECGS. As the AEMC identifies in the directions paper, the inability of the majority of gas customers beyond the city gate to load shed also impacts the relevance of such a measure.

A Willingness to Pay (WTP) measure centred on customers beyond the city gate, however, would provide a relevant metric for determining market settings. Such a measure would be

much more straightforward, though not strictly simple, to determine. In advance of making rules on how a future Gas Reliability Committee would discover the WTP of the relevant customers, as flagged in the directions paper, **APGA recommends the AEMC convene an industry working group on this issue.**

To discuss any of the above feedback further, please contact me on +61 409 489 814 or policy@apga.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Catriona Rafael', with a stylized, looping flourish at the end.

CATRIONA RAFAEL
Senior Policy Manager
Australian Pipelines and Gas Association



Consultation questions

AEMC question	APGA response
1: Do you have any feedback on our interpretation of the reliability and supply adequacy concepts above?	
2: Do you consider the proposed probabilistic approach can support a clearer and more objective risk or threat signalling framework? Why/Why not? Do you have any feedback on how this metric can effectively capture the probability of demand exceeding supply?	A probabilistic approach is preferable to a deterministic approach as it would meet the needs of a risk signalling framework without the potential need for the burdensome and likely misleading real-time reporting necessary to support a deterministic approach.
3: Do you consider the proposed tiered approach can support a clearer and more objective risk or threat signalling framework? Do you have any comments on the naming of the tiers or the illustrative examples, noting that AEMO would consult on the final framework?	APGA agrees with the proposed tiered approach (and considers the AEMC's example to be a reasonable facsimile).
4: Do you consider the proposed implementation framework provides the right balance between NGR and ECGS procedures? Should the NGR set the number of tiers AEMO will be required to implement? Should the NGR provide a link between the tiers and the directions or trading functions?	<p>Balancing what goes into the NGR and what goes into AEMO procedures and guidelines is important. The AEMC suggests that AEMO hold considerable discretion over the design of the framework, in defining the criteria and probabilistic metric values in the ECGS procedures and guidelines.</p> <p>There are both benefits and potential pitfalls to this. AEMO documentation can be more flexibly amended and augmented than can the NGR. This is beneficial where AEMO can quickly resolve any issues arising from the implementation of the framework, but it also can result in uncertainty for market participants where the criteria and values could be subject to change.</p> <p>APGA recommends that the AEMC convene, with AEMO, an industry workshop specifically to discuss these issues. This could help determine whether there needs to be guidelines in the rules as to</p>

	<p>how AEMO defines the specific criteria and determines the probabilistic metric values.</p> <p>APGA considers that a direct link in the NGR between the tiers and AEMO's directions functions may be useful, but would again depend on how this is defined. Whatever guidelines are implemented should recognise that this framework should first and foremost aim to elicit a market response, with AEMO's directions powers a last-resort solution.</p>
5: Do you have any additional feedback on the proposed risk or threat signalling framework, which does not include a reliability standard?	APGA agrees with the AEMC's reasoning in not implementing a reliability standard, and particularly not implementing a reliability standard linked to a Value of Gas Consumer Reliability (VGCR).
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? Do you have any suggestions on how to best estimate the WTP of the relevant customers?	<p>In contrast to the concept of an RSA backed by a VGCR (based on the VCR in the NEM), which the AEMC has ultimately and sensibly declined to progress, a WTP has merit in determining the trade-off between reliability and affordability in the ECGS.</p> <p>A WTP measure applied to large customers before the city gate is a sensible approach, considering those on accessing gas through distribution networks generally cannot reasonably load shed. It also presents a considerably less daunting challenge than determining residential and commercial customers' WTP/VCGR where gas consumption cannot be directly linked to economic output.</p> <p>APGA does not yet have a definitive answer on how best to undertake these WTP estimates for relevant customers, and recommends that AEMC convene an industry working group in advance on making a draft determination on a rule. Of the options presented by the AEMC, we consider that contracting information will likely be insufficient to establish a WTP measure.</p>
7: Do you consider introducing a GRC to review the market price settings in the DWGM and STTM can strengthen the review process?	Establishing a GRC (Option 3) is a reasonable approach to both make the market price settings review process more independent, but also increasing necessary stakeholder input into the process.

<p>8: Do you agree with our proposed improvements to the GS00 and VGPR? Do you have any feedback on the proposed three measures aimed at improving the transparency of information in the GS00 and VGPR to better support efficient planning and investment decisions?</p>	<p>Use of a probabilistic metric to highlight medium to longer-term reliability risks: Agree as per feedback above (vs a deterministic approach).</p> <p>Disaggregated reliability forecast beyond the current north/south split: agree that strictly relying on a north/south split is not fit for purpose, and this should be more flexible. APGA observes that AEMO has developed gas supply and pipeline zones for the Gas Infrastructure Options Report, which does delineate broad “Northern Zone” and “Southern Zone” but also specific sub-zones.</p> <p>Assessment of credible risks to system resilience in the GS00/VGPR: Notionally agree, as long as AEMO leverages existing and emerging data sources to minimise any additional information reporting burden on stakeholders. The inclusion of gas in the ISP will likely assist AEMO in both uncovering and reflecting relevant information in the GS00/VGPR.</p>
<p>9: Do you agree that we do not need to require the AER to establish best practice forecasting guidelines? Do you support the proposed position that AEMO should develop and consult on its own forecasting guidelines, rather than having AER establish best practice guidelines for AEMO to follow? Should AEMO be required to review its forecasting approach periodically (and if so, at what frequency) or have full discretion?</p>	<p>APGA agrees that AEMO should develop and consult on its own forecasting guidelines – as long as there is a reasonable capacity for stakeholders to suggest adjustments to the forecasting approach.</p> <p>APGA does not consider it necessary to involve the AER in this process.</p>