



24 September 2025

Our Reference: APLNG – COR – 1053454

Alfredo Careaga
Project Leader (GRC0076)
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

By electronic lodgement: www.aemc.gov.au/contact-us/lodge-submission

Dear Mr Careaga

Australia Pacific LNG Pty Limited (APLNG) welcomes the opportunity to contribute to the Australian Energy Market Commission's (AEMC) second round of consultation on the '*ECGS reliability standard and associated settings*' rule change request.

APLNG is an incorporated company and one of the largest producers of natural gas in eastern Australia, delivering a reliable energy source to customers in Australia and Asia. We are the largest net contributor of gas supply to Australia's domestic east coast gas market, providing over 2,300 PJ of gas into the domestic market since the project was sanctioned.

We appreciate the AEMC's pragmatic assessment of the issues raised in the rule change request and its consideration of the positions outlined in APLNG's April 2025 submission.¹ In our view, the solutions proposed in the AEMC's August 2025 directions paper better reflect the operational and structural characteristics of the east coast gas system (ECGS) and are more proportionate and cost-effective than those put forward by the proponent.

Having said this, APLNG acknowledges that the Commonwealth Gas Market Review is underway and aims to develop balanced policies that support energy security, investment certainty and Australia's reputation as a reliable LNG supplier. We believe that further regulatory changes to the ECGS should be paused until the review is complete, to avoid unnecessary or misaligned reforms.

The following sections provide our feedback on specific concepts and proposals explored in the directions paper.

Reliability standard

In our previous submission, APLNG raised concerns that introducing a dual reliability standard for the ECGS would be costly and risk inefficient outcomes, even with strong governance arrangements in place. We also highlighted several challenges the Australian Energy Regulator (AER) would face in developing robust estimates for the value of gas customer reliability (VGCR). We therefore endorse the AEMC's proposal not to proceed with a dual reliability standard for the ECGS or the development of VGCR estimates.

¹ See www.aemc.gov.au/sites/default/files/2025-04/APLNG%20combined.pdf

Tiered risk or threat signalling framework

APLNG supports the introduction of a tiered risk or threat signalling framework that factors in the severity and immediacy of emerging risks or threats over the next 12 months. We agree that this approach will improve transparency and facilitate timely market-led responses to emerging risks or threats.

While the AEMC has proposed a three-tier framework ('Early Warning', 'Alert' and 'Emergency'), APLNG recommends the inclusion of a fourth tier, 'Normal', to represent periods when the ECGS is operating within expected parameters across key indicators (e.g. storage levels, gas flows, pipeline capacity and demand). This tier would be the default tier unless conditions warrant escalation. To further enhance transparency, we also suggest including a live dashboard on the Australian Energy Market Operator's (AEMO) website indicating the current tier, with a link to the existing ECGS Notices webpage for further detail on any active risks or threats.

APLNG agrees that each tier should be prescribed in the National Gas Rules (NGR), with AEMO having the flexibility to define the specific criteria for each tier in the ECGS Procedures following consultation with stakeholders. To provide regulatory certainty and sufficient direction to AEMO, it will be important for the NGR to define each tier's purpose and the factors AEMO must have regard to when developing the criteria. Embedding a periodic review of the criteria should also be considered to ensure they remain fit-for-purpose over time and reflect any lessons learned from past activations.

Additionally, AEMO's ECGS Procedures should provide clear guidance on the types of market-led responses or interventions that may be appropriate at each tier (e.g. public appeals, utilising linepack, maximising supply, activating interruptible contract provisions, implementing load shedding or curtailment and exercising AEMO's direction and trading functions). This will help market participants understand the actions they may need to take at each tier.

Subject to further consultation on the design, data inputs and implementation costs, APLNG broadly supports the use of a probabilistic approach to set the tier thresholds and assess the likelihood of a supply shortfall. This approach should be complemented by consideration of other relevant factors such as the shortfall magnitude, duration, timing (e.g. month or season), location, transportation constraints and infrastructure-specific incidents.

Finally, as outlined in our previous submission, APLNG recommends amending rule 693 of the NGR and the *National Gas (South Australia) Regulations* to apply the civil penalty for non-attendance at gas supply adequacy and reliability conferences to the 'Alert' and 'Emergency' tiers only. It is not proportionate for market participants to incur a civil penalty for not attending a conference held during the 'Early Warning' tier, where the primary purpose will be to raise awareness of a potential risk or threat rather than prompt immediate market-led action.

Probabilistic metrics for GSOO shortfall forecasting

APLNG supports, in principle, the proposed transition to probabilistic metrics for forecasting supply shortfalls in the Gas Statement of Opportunities (GSOO). However, it is critical that AEMO prioritise the use of existing datasets, systems and modelling frameworks wherever possible. We do not support the introduction of new or more frequent information disclosure requirements to enable the revised forecasting approach, particularly given the substantial regulatory reporting burden already placed on market participants by recent and upcoming gas market reforms.

Should the AEMC or AEMO believe that additional or more frequent data is needed, they must conduct a detailed cost-benefit analysis and stakeholder consultation to ensure that any new requirements are justified and proportionate and do not duplicate existing data requirements.

System resilience risk assessments

Page 22 of the directions paper misrepresents APLNG's position regarding the inclusion of a system resilience risk assessment in the GSOO and Victorian Gas Planning Report. In our previous submission (pp.7-8), APLNG questioned the value of these assessments and cautioned against introducing new information disclosure requirements to support their development.

We noted that:

- Industry already has access to a wide range of information to make planning and investment decisions (e.g. Gas Bulletin Board reports, the GSOO, third-party pricing sources, and company information).
- Decisions about maintenance are guided by statutory requirements and/or industry engineering standards.
- Owners and operators of critical gas assets must comply with the *Security of Critical Infrastructure Act 2018* (Cth), making risk management, preparedness, prevention and resilience business-as-usual for owners and operators of these assets.

APLNG maintains our position that these assessments are unnecessary and risk exacerbating the regulatory burden on industry without delivering commensurate benefits to system planning, maintenance scheduling or investment outcomes.

Best practice forecasting guidelines

APLNG supports the exclusion of the AER Gas Forecasting Best Practice Guidelines from the proposed reliability and supply adequacy framework, consistent with our earlier submission. We previously noted that such guidelines would increase regulatory costs without resolving the proponent's concerns around the reliability of demand forecasts. Instead, we support AEMO consulting on and publishing its forecasting approach and methodology within the Reliability Forecast Guidelines. APLNG agrees that these guidelines should be reviewed periodically—every five years may be appropriate, unless market conditions or other factors warrant an earlier review.

Thank you for the opportunity to provide feedback on the directions paper. We look forward to further engaging with the AEMC as this rule change progresses. Should you have any queries relating to this submission, please contact me on 07 3021 3347 or via email at kieran.olsen@aplng.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K.O./L', followed by a period.

Kieran Olsen
Compliance Manager
Australia Pacific LNG Pty Limited