

Rule determination

National Gas Amendment (Extension of the DWGM Dandenong LNG interim arrangements) Rule 2025

Proponent

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the Traditional Custodians of the many different lands across Australia on which we live and work. The AEMC office is located on the land of the Gadigal people of the Eora nation. We pay respect to all Elders past and present, and to the enduring connection of Aboriginal and Torres Strait Islander peoples to Country.



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To cite this document, please use the following:

AEMC, Extension of the DWGM Dandenong LNG interim arrangements, Rule determination, 30 October 2025

Summary

- 1 The Australian Energy Market Commission (AEMC or Commission) has decided to make a more preferable final rule (final rule) in response to the rule change request submitted on 3 April 2025 by The Hon. Lily D'Ambrosio, Minister for Energy and Resources, Climate Action, and the State Electricity Commission (the proponent). This rule change request sought to extend the interim arrangements applying to the Dandenong liquefied natural gas (LNG) storage facility (the Dandenong storage facility) in the Declared Wholesale Gas Market (DWGM).
- 2 The AEMC's *Extension of the DWGM Dandenong LNG interim arrangements 2025 Rule* builds on the AEMC's *DWGM Interim LNG Storage Measures 2022 Rule*. The Commission's 2025 Rule largely extends the 2022 Rule, with some important amendments to promote the efficient use and operation of the Dandenong liquefaction and storage facilities and enables the Australian Energy Market Operator (AEMO) to efficiently perform its declared system functions.
- 3 **The final rule promotes the National Gas Objective (NGO) and provides for improved outcomes for Victorian consumers**
- 4 The AEMC's final rule promotes the efficient use and operation of the Dandenong liquefaction and storage facilities and enables AEMO to efficiently perform its declared system functions as it:
 - **Extends the interim Dandenong storage arrangements by four years and ensures that AEMO and Victorian consumers are not exposed to the costs and risks associated with significant capital investments in unregulated assets.**
 - The extension of the interim arrangements enables AEMO to act as both buyer and supplier of last resort in relation to the Dandenong storage facility so that it can respond to any threats to system security that may arise in the DWGM between 2026 and 2029.
 - The final rule addresses the risks that the interim arrangements are used to try and pass through the costs and risks associated with any major upgrade of the Dandenong storage and/or liquefaction facilities to AEMO and Victorian gas consumers over the extension period. To the extent that investment is required in either of these facilities over the period, it should be market driven and supported by market participant contracting, rather than the buyer and supplier of last resort arrangements.
 - The final rule also includes some additional measures to mitigate the risk that AEMO incurs unnecessary costs that it then passes on to Victorian gas consumers.
 - **Introduces permanent measures to improve transparency and oversight of the Dandenong liquefaction facility**, which is used to inject LNG into the Dandenong storage facility. The measures provided for in the final rule enable:
 - market participants and AEMO to make more informed and efficient decisions about the operation and use of both the Dandenong liquefaction and storage facilities
 - AEMO to perform its declared system functions more efficiently and effectively.
- 5 The final rule is largely consistent with the draft rule. Compared to the draft rule, the final rule:
 - **amends the reporting model used for the Gas Bulletin Board information.** Rather than requiring the Dandenong liquefaction and storage facilities to be treated as a single facility, the final rule requires the Dandenong liquefaction facility to be treated as a stand-alone facility and to comply with its own targeted set of reporting obligations. This change was made in response to stakeholder concerns about the potential costs and risks associated with the joint reporting.

- clarifies that if the Victorian Minister approves a different target level for LNG stock, AEMO is only required to contract for the use of uncontracted LNG storage capacity required to meet that target level
- provides for AEMO and APA to enter into a transitional storage arrangement to allow for any LNG stock that AEMO holds at the expiration of its current LNG storage agreement to be retained in storage until the extended LNG storage agreement starts.

6 Our more preferable final rule differs from the proponent's rule change proposal in the following ways:

- The **final rule that gives effect to the interim buyer and supplier of last resort arrangements** provides for:
 - an extension of four years, rather than the proposed three years
 - a rules-based arbitration mechanism to be called upon if a dispute about the extension of the LNG storage agreement arises between AEMO and the Dandenong storage facility operator, but not for other disputes that may arise over the term of the extended agreement
 - additional measures to limit the costs that AEMO may otherwise incur, including by:
 - removing a rule permitting variations to the LNG storage agreement for safety or reliability reasons
 - clarifying that AEMO is not required to contract for unusable storage capacity that AEMO reasonably considers is subject to a temporary or permanent constraint, or uncontracted storage capacity that exceeds what is required to meet a different target level of LNG stock approved by the Victorian Minister.
 - providing for transitional storage arrangements so that AEMO can retain its LNG stock in the Dandenong LNG storage facility until its extended LNG storage agreement is in place.
- The **final rule that gives effect to the transparency and oversight measures** provides for:
 - application of a more targeted set of Gas Bulletin Board reporting obligations to the Dandenong liquefaction facility than was proposed
 - AEMO to have greater operational visibility of the Dandenong liquefaction facility. But in contrast to the rule change request, the final rule does not require AEMO to consent to changes to, or the termination of, the declared LNG supply agreement between the Dandenong liquefaction and storage facility operators (BOC and APA).

Our final rule addresses continuing security and reliability threats in the DWGM

7 Our 2022 Rule established interim arrangements for AEMO to act as both buyer and supplier of last resort in relation to the Dandenong storage facility. The AEMC made the 2022 rule in the context of projected threats to system security and reliability over the 2023-26 period and a decline in market participant contracting in the Dandenong storage facility.

8 The interim arrangements sought to ensure that the Dandenong storage facility was full in the lead up to winter so that it could be used to address any threats to system security that may arise over the winter months. To this end, the interim arrangements required AEMO to enter into an LNG storage agreement with APA (the LNG Storage Provider) to purchase all the uncontracted storage capacity as at 1 March each year and fill that capacity up to the target level (i.e. the highest level reasonably possible or such other level determined by AEMO and approved by the Victorian

Minister).

- 9 The 2022 interim arrangements are time-bound and due to expire at the end of 2025. The Commission defined this expiration date because at the time the 2022 rule change was made, the expectation was that Energy Ministers' east coast gas system (ECGS) reliability and supply adequacy (RSA) reforms would replace the interim arrangements.
- 10 In this regard, the Commission notes the rule change request from Energy Senior Officials to implement a Supplier of Last Resort (SoLR) mechanism as part of the broader program of ECGS RSA Stage 2 reforms, which the Commission is currently considering. Such a mechanism, potentially in combination with a third party access regime, could deliver the enduring solution for the Dandenong storage facility.
- 11 The Commission notes that the tight demand-supply conditions that led to the implementation of the interim arrangements in 2022 are expected to continue. Both the Australian Competition and Consumer Commission (ACCC) and AEMO are projecting that peak day supply shortfalls and seasonal supply gaps could emerge in southern jurisdictions over the next four years.¹ While there are some differences between the ACCC's and AEMO's projected timings of these shortfalls, they both agree that storage will be critical to help manage those threats. The Commission notes that market participant contracting in the Dandenong storage facility has recently increased with the facility almost fully contracted from May 2026.² The Commission supports this recent development, in light of which we note that the extended interim arrangements will continue to function as it was intended to - as an important backstop that supports market participant contracting in the facility.
- 12 Against this background, the Commission considers a four year extension of the interim arrangements to be the most efficient solution to enable AEMO to address projected threats to system security in the DWGM until a more enduring solution is implemented. Accordingly, the final rule provides for the continuation of the interim buyer and supplier of last resort arrangements until the end of 2029.
- 13 To enable the arrangements to continue, AEMO and APA are required to extend their existing LNG storage agreement, which is currently due to expire on at the start of the Gas Day on 1 January 2026. The final rule requires the extension to be on substantially the same terms as the 2022 LNG storage agreement and to otherwise comply with the rules. If AEMO and APA are unable to agree on the terms of the extension, the final rule provides for either party to refer the dispute to arbitration by notice to the Australian Energy Regulator (AER). For any other disputes that arise over the course of the extension term, the parties will have recourse to the contract dispute mechanism. This is akin to the arrangements that were put in place through the 2022 Rule
- 14 The only substantive changes that have been made to the arrangements that were put in place in 2022 are to:
 - clarify that AEMO is not required to contract for the use of unusable uncontracted storage capacity that or capacity that exceeds what is required to meet the target level of LNG stock
 - clarify that AEMO is not required to contract for the use of unusable uncontracted storage capacity that AEMO reasonably considers is subject to a temporary or permanent constraint, or uncontracted storage capacity that exceeds what is required to meet a different target level of LNG stock approved by the Victorian Minister

1 ACCC, Gas Inquiry 2017-2030 Interim update on east coast gas market, September 2025, Chapter 1, ACCC, Gas Inquiry 2017-2030 Interim update on east coast gas market, June 2025, Chapter 3 and AEMO, Gas Statement of Opportunities, March 2025, p. 3.

2 Gas Bulletin Board, 36 month uncontracted capacity outlook, accessed 27 October 2025.

- remove the rule permitting variations to the LNG storage agreement for safety or reliability reasons
- provide for transitional storage arrangements so that AEMO can retain its LNG stock in the Dandenong LNG storage facility until its extended LNG storage agreement is in place.

15 These changes seek to limit the costs that AEMO and Victorian consumers incur under the final rule.

The final rule promotes the efficient use and operation of the Dandenong liquefaction and storage facilities and enables AEMO to efficiently perform its declared system functions

16 The Dandenong storage facility, which is owned by APA, is supported by the Dandenong liquefaction facility, which is owned by BOC. The liquefaction facility plays a critical role in enabling the storage tank to be refilled with LNG and determining the speed with which it can be refilled. However, the separate ownership of this facility has resulted in the liquefaction facility not being subject to the same type of transparency and oversight measures as other facilities. This facility is not, for example, subject to the Part 18 Gas Bulletin Board reporting obligations or the Part 19 participant disclosure, storage disclosure, maintenance reporting and coordination obligations.

17 This has led to gaps in the information available to market participants and AEMO on the refill capacity of the Dandenong storage facility, which may be resulting in inefficient decisions being made about the refilling of this facility and/or use of LNG stock in this facility. It may also be impeding AEMO's ability to carry out some of its declared system functions, because AEMO does not currently have visibility of the operation of the liquefaction facility and is unable to coordinate maintenance of this facility.

18 The Commission's final rule addresses these gaps by permanently extending the Part 18 Gas Bulletin Board reporting obligations and the Part 19 participant disclosure, LNG storage disclosure, maintenance reporting and coordination obligations to the Dandenong liquefaction facility. The extension of these obligations will:

- enable market participants and AEMO to make more informed and efficient decisions about their use of both the Dandenong liquefaction and storage facilities and the LNG stock held in the Dandenong storage facility
- support the efficient operation of both the Dandenong liquefaction and storage facilities and other DWGM facilities by enabling maintenance to be more efficiently coordinated across these facilities
- allow AEMO to perform its planning, maintenance and other declared system functions more efficiently and effectively, which will benefit market participants.

We have considered stakeholder feedback and undertaken further analysis in making our decision

19 **Stakeholders were generally supportive of the draft rule extension of the buyer and supplier of last resort interim arrangements.** However, stakeholders expressed mixed views about both the term of the extension and the use of the interim arrangements to support major upgrades of the unregulated Dandenong storage and/or liquefaction facilities:

- Consumer and user groups supported the four year extension, the restriction on the ability of the Dandenong storage facility operator's ability to pass through the costs of major upgrades

to AEMO and Victorian gas consumers and other measures to limit the costs incurred by AEMO.³ AEMO also supported restricting the Dandenong storage facility operator's ability to pass through investment costs and measures to limit the costs incurred under the interim arrangements.⁴

- In contrast, the Dandenong storage and liquefaction facility operators (APA and BOC) and APGA advocated for a 10 year extension and the ability to pass through investment costs related to the liquefaction and/or storage facilities to AEMO.⁵

20 The Commission has considered the issues raised by APA, BOC and APGA on this element of the rule change. While we understand that the liquefaction facility has become less reliable in recent years, consistent with our draft rule, we remain of the view that the buyer and supplier of last resort interim arrangements are not the appropriate vehicle to underwrite investments in unregulated assets. In the Commission's view, such investments should continue to be market driven and supported by market participant contracting. Our final rule therefore limits the ability for the costs of such investments to be passed through to AEMO, and ultimately Victorian consumers, over the term of the extension.

21 We note that the buyer and supplier of last resort arrangements were only ever intended to be a stop-gap measure while work on a more enduring and fit for purpose solution was undertaken. Our final rule therefore provides for a four year extension of the interim arrangements, which should provide sufficient time for such a solution to be implemented.

22 **Most stakeholders supported the extension of the Gas Bulletin Board reporting obligations and the Part 19 DWGM participant disclosure, storage disclosure, maintenance and coordination obligations to the Dandenong liquefaction facility.**⁶ The only exception to this was BOC, who expressed concerns about the compliance costs associated with the extension of the Gas Bulletin Board reporting obligations to its liquefaction facility and noted the costs are likely to outweigh any benefit to the market from the reporting.⁷ Separately, APA and APGA noted the potential costs and risks associated with treating the Dandenong liquefaction and storage facilities as a single facility with joint responsibility for Gas Bulletin Board reporting.⁸

23 We have considered these stakeholder concerns in making the final rule relating to the extension of the Gas Bulletin Board reporting obligations to the liquefaction facility:

- We have taken steps to minimise the compliance costs associated with extending the Gas Bulletin Board reporting obligations to BOC's liquefaction facility, including by only requiring BOC to report a targeted subset of information and allowing it to use existing mechanisms to reduce system and compliance costs. Consistent with the draft rule, we continue to consider the extension is required to address a gap in the current arrangements that may be impeding efficient decision-making by market participants and AEMO (see section 4.1 section 4.1 for more detail).
- We have revisited the arrangements for reporting on the Gas Bulletin Board. The final rule now requires the Dandenong liquefaction facility to be treated as a stand-alone facility and to be responsible for reporting information directly to AEMO for publication on the Gas Bulletin Board. This addresses APA's and APGA's concerns about the treatment of the Dandenong

3 Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1.

4 AEMO, submission to the draft determination, p. 1

5 Stakeholder submissions to the draft determination: APA, pp. 4; BOC, p. 2; APGA, pp. 2-3.

6 Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1; APGA, p. 3; APA, p. 6.

7 BOC, submission to the draft determination, p. 2.

8 Stakeholder submissions to the draft determination: APGA, p. 3; APA, pp. 6-8.

storage and liquefaction facilities as a single facility. (see section 4.1 section 4.1 for more detail).

We assessed our final rule against four assessment criteria

24 The Commission has assessed the more preferable final rule against four assessment criteria and concluded that it better promotes the NGO than the proposed rule by:

- **Supporting the secure, safe and reliable supply of gas in Victoria:** The final rule supports the security, safety and reliability of supply of gas to Victorian consumers by:
 - extending the interim arrangements so that AEMO can respond to any threats to system security that may arise in the DWGM between 2026 and 2029
 - enabling market participants and AEMO to make more informed decisions about their use of LNG stock in the Dandenong storage facility to address any threats that may arise
 - allowing AEMO to coordinate the maintenance of the Dandenong liquefaction facility where it poses a threat to system security.
- **Promoting market efficiency:** The final rule promotes the efficient operation and use of the Dandenong liquefaction and storage facilities, efficient use of LNG stock held in the storage facility, and supports the efficient operation of the DWGM through both the interim arrangements and the improved information transparency and operational visibility of the liquefaction facility.
- **Minimising implementation costs and complexities:** The final rule minimises the costs and complexities associated with both the interim arrangements and the Dandenong liquefaction facility transparency and oversight measures. It also mitigates the risk that AEMO will incur unnecessary costs either contracting for storage capacity that is not required, or having to empty its LNG stock at the expiration of its current LNG storage agreement.
- **Embodying principles of good regulatory practice:** The final rule is targeted, fit for purpose, and proportionate to the issues it is intended to address. It also provides for predictability, stability, simplicity and transparency in the arrangements, which is consistent with principles of good regulatory practice.

Implementation of the final rule

25 To provide sufficient time for AEMO, APA and BOC to undertake preparatory actions, the final rule requires:

- AEMO and APA to have an extended LNG storage agreement in place by 28 February 2026. It also provides for AEMO and APA to enter into a transitional storage arrangement, so that any LNG stock AEMO holds at the expiration of its current agreement can be retained in storage until the extended agreement starts.
- The Dandenong liquefaction facility operator, i.e. BOC, to comply with its new reporting and maintenance related obligations under Parts 18-19 of the NGR from 1 April 2026.
- AEMO to have made any required changes to the Wholesale Market Procedures and/ or Gas Bulletin Board Procedure by 1 April 2026.

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1 The Commission has made a final rule

The Commission's final determination is to make a more preferable final rule (the final rule) in response to a rule change request submitted by The Hon. Lily D'Ambrosio, Minister for Energy and Resources, Climate Action and State Electricity Commission (the proponent) on 3 April 2025. The final rule will address the following matters raised in the rule change request:

- short-term extension of existing interim arrangements relating to the Dandenong liquefied natural gas (LNG) storage facility (the Dandenong storage facility) under the rules governing the Declared Wholesale Gas Market (DWGM) (see chapter 3 for more detail)
- permanent introduction of measures to improve transparency and oversight of the Dandenong liquefaction facility that is used to inject LNG into the Dandenong storage facility (see chapter 4 for more detail).

For more detailed information on:

- why we made the final rule, refer to chapter 2
- how the final rule works, refer to chapter 3 and chapter 4
- the rule change request and background context, refer to appendix A and appendix B

1.1 Our final rule addresses security and reliability threats in the short term for the DWGM

The Commission's final rule extends the interim arrangements for a period of four years (instead of the proposed three years). We consider this to be the most efficient solution to address projected threats to security and reliability in the DWGM between 2026 and 2029. The four year extension of the interim arrangements:

- builds on the interim framework established by the AEMC's 2022 final rule,⁹ which provides clear guidance to AEMO for when and how it is to procure, maintain and dispose of storage capacity and LNG stock in relation to the Dandenong storage facility to manage threats to system security in the DWGM
- recognises that the interim arrangements were not designed as a long-term or enduring solution, but instead as a stop-gap measure until more permanent and fit-for-purpose arrangements can be implemented
- is longer than the rule change request's proposed three years, to allow for the development of a fit-for-purpose and enduring solution to manage security and reliability risks in the DWGM.

We have also made a number of amendments to the interim arrangements to better promote the NGO and to limit the potential costs that AEMO, and ultimately Victorian consumers, incur under the arrangements. This includes addressing the risk that the costs associated with major upgrades to the storage and/or liquefaction facility may be passed through to AEMO (and by extension Victorian gas consumers) through these arrangements, which we consider to be contrary to the intent of the interim arrangements. It also includes clarifying that AEMO is not required to contract for unusable storage capacity, or capacity that exceeds what is required to meet the target level of LNG stock.

While the intent of the final rule is consistent with the draft rule, the final rule additionally:

⁹ AEMC, DWGM interim LNG storage measures, Rule determination, 15 December 2022.

- clarifies that if the Victorian Minister approves a different target level for LNG stock, AEMO is not required to contract for the use of uncontracted LNG storage capacity in excess of the capacity required to meet that target level (see section 3.3.2 for more detail)
- provides for AEMO and APA to enter into a transitional storage arrangement to allow for any LNG stock that AEMO holds at the expiration of its current LNG storage agreement to be retained in storage until the extended LNG storage agreement starts (see section 3.5 for more detail).

The AEMC's extension of the interim buyer and supplier of last resort arrangements was informed by the latest projections from the Australian Energy Market Operator (AEMO) and the Australian Competition and Consumer Commission (ACCC), indicating the gas demand-supply balance in the south is tight and there is a risk of peak day shortfalls over the proposed extension period from 2026-2029. AEMO's most recent projections suggest that peak day shortfalls and seasonal supply gaps could emerge in the DWGM from 2028.¹⁰ The ACCC's most recent projections suggest that peak day shortfalls could emerge in southern jurisdictions from 2026, particularly over winter, with supply gaps projected to progressively widen and become more pronounced from 2028.¹¹ While the timing of the projected peak day shortfalls differ as between the ACCC and AEMO projections, they both indicate that storage in the south will play an important role in helping to manage peak day threats.¹² AEMO has also pointed to the critical role the Dandenong storage facility will play in providing additional resilience to manage peak day threats and reduce curtailment risks in the south.¹³

The Commission notes that market participant contracting in the Dandenong LNG storage facility has recently increased, with the facility almost fully contracted from May 2026 onwards (see Figure 1.1 below).¹⁴ The Commission supports this recent development, in light of which we note that the extended interim arrangements will continue to function as it was intended to - as an important backstop that supports market participant contracting in the facility.

10 AEMO, Gas Statement of Opportunities, March 2025, p. 3.

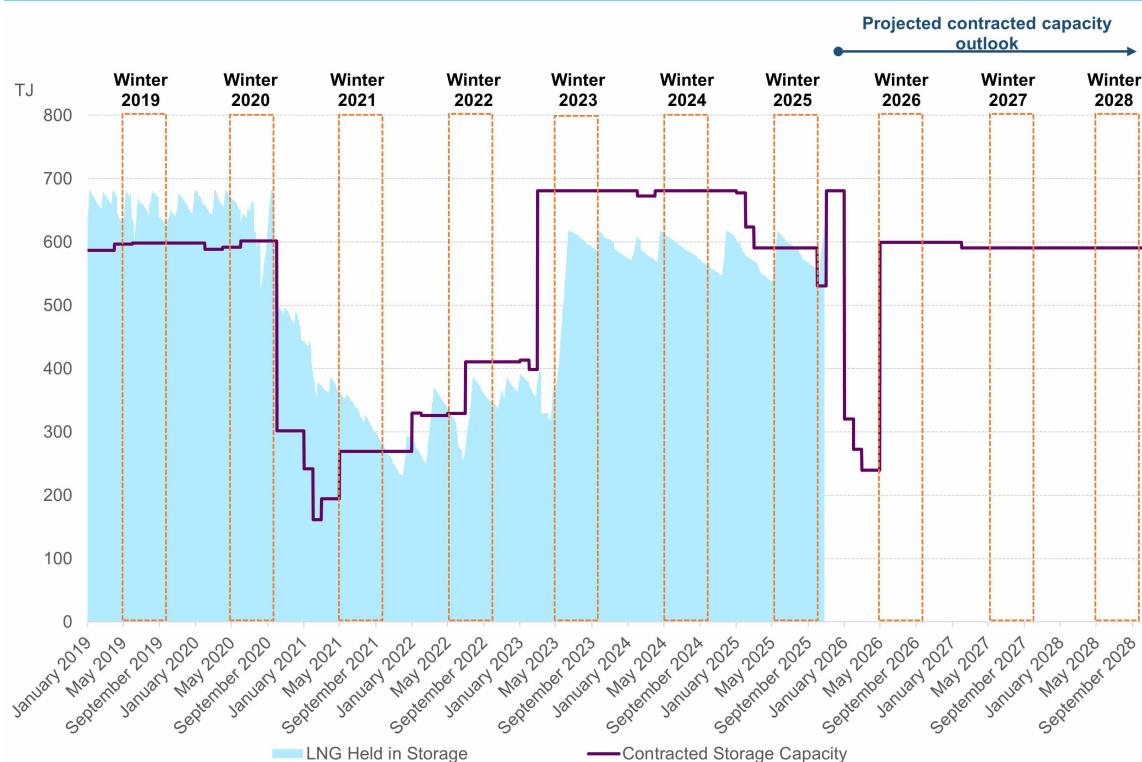
11 ACCC, Gas Inquiry 2017-2030 Interim update on east coast gas market, September 2025, Chapter 1 and ACCC, Gas Inquiry 2017-2030 Interim update on east coast gas market, June 2025, Chapter 3.

12 ACCC, Gas Inquiry 2017-2030 Interim update on east coast gas market, September 2025, p. 5 and AEMO, Victorian Gas Planning Report, March 2025, pp. 15-16 and 46.

13 AEMO, Victorian Gas Planning Report, March 2025, pp. 15-16 and 46.

14 Gas Bulletin Board, 36 month uncontracted capacity outlook, accessed 27 October 2025.

Figure 1.1: Dandenong storage facility LNG stock and contracted storage capacity



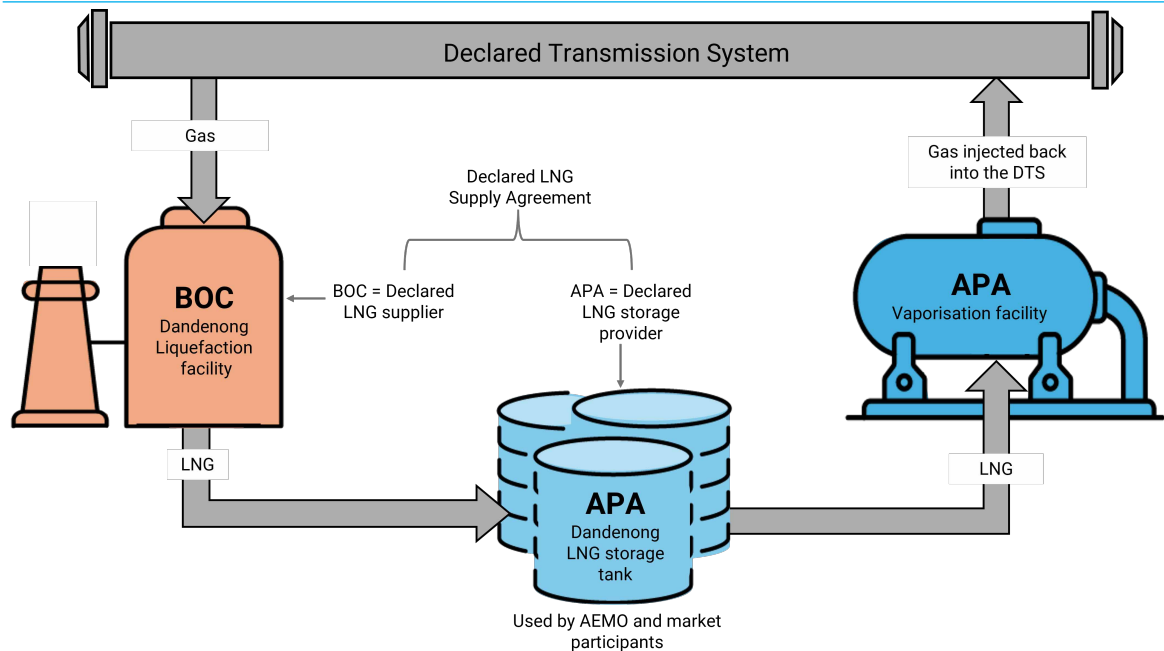
Source: Gas Bulletin Board, 36 month uncontracted capacity outlook, accessed 27 October 2025.

1.2 Our final rule promotes the efficient use and operation of the Dandenong liquefaction and storage facilities and enable AEMO to efficiently perform its declared system functions

The Commission's final rule provides for greater transparency and oversight of the Dandenong liquefaction facility. This facility is used to inject LNG into the Dandenong storage facility and plays a critical role in enabling the storage tank to be refilled and determining the speed with which that refill can occur. As Figure 1.2 below illustrates, the Dandenong liquefaction facility is owned by BOC, while the Dandenong storage facility is owned by APA (the LNG Storage Provider). The separate ownership of these two facilities has resulted in some gaps in the transparency and maintenance arrangements applying to facilities, with APA subject to the following obligations while BOC is not:

- the Gas Bulletin Board reporting obligations
- the Part 19 participant disclosure, storage disclosure, maintenance reporting and coordination obligations.

Figure 1.2: Dandenong - facility components and ownership structure



Source: AEMC.

In the case of the Gas Bulletin Board, this means that there is a risk that incorrect or incomplete information may be reported on the storage refill capacity,¹⁵ which could result in market participants making inefficient decisions about their use of LNG stock and refilling the Dandenong storage facility.

The fact that BOC is not subject to the Part 19 obligations could also:

- impede AEMO's ability to carry out its declared system functions (i.e. because it does not currently have visibility of the operation of the liquefaction facility and is unable to coordinate maintenance of this facility)
- pose a threat to system security if the facility is taken offline for maintenance for a prolonged period in the lead up to winter, because in contrast to other DWGM facilities, AEMO cannot coordinate the maintenance of this facility.

To address these gaps and support more informed and efficient decision-making, the efficient operation and use of the Dandenong liquefaction and storage facilities, and efficient use of LNG stock held in the Dandenong storage facility, the final rule provides for both:

- **The targeted extension of the Part 18 Gas Bulletin Board reporting obligations to the Dandenong liquefaction facility**, which will require BOC to report on the nameplate rating, short term and medium term capacity outlook for the storage refill capacity.
- **The extension of the Part 19 DWGM participant disclosure, storage disclosure, maintenance reporting and coordination obligations to the Dandenong liquefaction facility.**

The final rule provides for a permanent extension of these obligations, which means they will endure beyond the extension of the interim arrangements. The Commission's decision to apply these obligations on a permanent basis recognises the critical role that the liquefaction facility

¹⁵ As noted by the proponent, Rule change request, p. 19.

plays in supporting the efficient operation of the Dandenong storage facility. It will also bring the treatment of the Dandenong liquefaction facility into line with other DWGM facilities and infrastructure in the east coast gas system.

The only notable change that has been made between the draft and final rule relating to this issue is to **amend the reporting model used for Gas Bulletin Board information**. Rather than requiring the Dandenong liquefaction and storage facilities to be treated as a single facility and jointly responsible for complying with the reporting obligations, the final rule requires the Dandenong liquefaction facility to be treated as a stand-alone facility and comply with its own targeted set of reporting obligations. This change was made in response to stakeholder concerns about the potential costs and risks associated with the joint reporting obligations (see section 4.1 section 4.1 for more detail).

1.3 Stakeholder feedback and our own analysis shaped our final rule on extending the interim arrangements and extension of NGR Part 18 and 19 requirements

Stakeholders were generally supportive of the proposed extension of the buyer and supplier of last resort interim arrangements. However, stakeholders expressed mixed views about both the term of the extension and the use of the interim arrangements to support major upgrades of the unregulated Dandenong storage and/or liquefaction facilities.

- Consumer groups supported the four year extension, the restriction on the ability of the Dandenong storage facility operator's ability to pass through the costs of major upgrades to AEMO and Victorian gas consumers and other measures to limit the costs incurred by AEMO.¹⁶ AEMO also supported restricting the Dandenong storage facility operator's ability to pass through investment costs and measures to limit the costs incurred under the interim arrangements.¹⁷
- The Dandenong storage and liquefaction facility operators (APA and BOC) and APGA advocated for a 10 year extension and the ability to pass through investment costs related to the liquefaction and/or storage facilities to AEMO.¹⁸

The Commission has considered the issues raised by APA, BOC and APGA on this element of the rule change. While we understand that the liquefaction facility has become less reliable in recent years, we remain of the view that the buyer and supplier of last resort interim arrangements are not the appropriate mechanism to underwrite investments in unregulated assets. This is because AEMO should not be the entity deciding on the scope of the investment. The Commission considers such investments should ideally continue to be market driven and supported by market participant contracting. Our final rule therefore limits the ability for the costs of such investments to be passed through to AEMO over the term of the extension.

As to the term of the extension, we note that the buyer and supplier of last resort arrangements were only ever intended to be a stop-gap measure while work on a more enduring and fit for purpose solution was undertaken. Our final rule therefore provides for a four year extension of the interim arrangements, which should provide sufficient time for such a solution to be implemented.

In contrast to the interim buyer and supplier of last resort arrangements, most stakeholders supported the extension of the Gas Bulletin Board reporting obligations and the Part 19 DWGM

¹⁶ Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1.

¹⁷ AEMO, submission to the draft determination, p. 1.

¹⁸ Stakeholder submissions to the draft determination: APA, pp. 4; BOC, p. 2; APGA, pp. 2-3.

participant disclosure, storage disclosure, maintenance and coordination obligations to the Dandenong liquefaction facility.¹⁹ The only exception to this was BOC, who expressed concerns about the compliance costs associated with the extension of the Gas Bulletin Board reporting obligations to its liquefaction facility.²⁰ Separately, APA and APGA noted the costs and risks associated with treating the Dandenong liquefaction and storage facilities as a single facility with joint responsibility for Gas Bulletin Board reporting.²¹

We have considered the concerns raised by:

- BOC about the compliance costs associated with extending the Gas Bulletin Board reporting obligations to its liquefaction facility. However, we consider the extension is required to address a gap in the current arrangements that may be impeding efficient decision-making by market participants and AEMO. We have taken steps to minimise the compliance burden, including by only requiring BOC to report a targeted subset of information and allowing it to use existing mechanisms to reduce system and compliance costs (see section 4.1 for more detail).
- APA and APGA about the treatment of the Dandenong storage and liquefaction facilities as a single facility. As outlined in section 1.2, we have amended this in the final rule. The final rule now requires the Dandenong liquefaction facility to be treated as a stand-alone facility and to be responsible for reporting information directly to AEMO for publication on the Gas Bulletin Board.

1.4 The extension of the interim arrangements does not address stakeholder concerns around market power

Through the consultation process, some stakeholders, including Alinta and Origin, observed that the extension of the interim arrangements would not address what they consider to be the main reason why market participants have either ceased to use, or reduced their use of, the Dandenong storage facility.²²

Similar concerns were raised in the 2022 rule change process, with stakeholders stating that the proposed arrangements would not address the underlying source of the problem, which many saw as the Dandenong storage facility operator's market power.²³ The ACCC was one such stakeholder, who subsequently published the findings of its review into the Dandenong LNG charges. In short, the ACCC found that:²⁴

“Changes to the contracting model at the Dandenong LNG storage facility, which increased effective storage costs, have contributed to a decline in contracted capacity at the facility. This appears to be an exercise of market power by APA at a time when the facility is increasingly important to system security in the Victorian Transmission System, creates risks to system security in Victoria, and underscores the need for a third-party access regime for storage facilities, as recommended by the ACCC in January 2022.”

The Commission has undertaken some additional analysis on this issue and identified a range of options that could be considered in addressing the continuing stakeholder concerns about market

19 Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1; APGA, p. 3; APA, p. 6.

20 BOC, submission to the draft determination, p. 2.

21 Stakeholder submissions to the draft determination: APGA, p. 3; APA, pp. 6-8.

22 Submissions to the consultation paper: Alinta, p. 1; Origin, p. 1.

23 AEMC, Rule determination, DWGM Interim LNG Storage Measures, p. 12.

24 ACCC, Gas Inquiry 2017-2030 Interim Report, January 2023, p. 75.

power, and the impact this may be having on market participant contracting and economic efficiency more generally. A solution could, for example, involve the introduction of a third party access regime that could provide for access on reasonable terms, as suggested by the ACCC. Such a regime could take a variety of forms, including a lighter handed negotiate-arbitrate framework, or more direct regulation of prices and other terms and conditions of access.²⁵

In its response to the draft determination, APA noted that the Dandenong storage facility is already providing third party access and that it continues to “seek commercial utilisation”.²⁶ While an access regime can be used to facilitate third party access to infrastructure that is not offering such access, in those cases where a facility is already offering such access, an access regime can be used to provide for access on more reasonable terms by posing a more effective constraint on the operator’s market power. For example:

- under lighter handed access regimes, this may be achieved through the introduction of an arbitration mechanism that can be called upon by an access seeker if they are unable to negotiate reasonable terms of access, with the threat of arbitration acting as a potential constraint on the facility operator’s behaviour
- under stronger access regimes, this may be achieved by requiring a regulator to determine (or approve) the terms and conditions of access.

If the introduction of an access regime resulted in greater market participant contracting, then it could reduce the reliance that needs to be placed on AEMO having to contract capacity and hold an LNG reserve and the costs incurred by Victorian gas consumers. Greater and more lasting market participant contracting could also help to support any future capital investment that may be required in either the liquefaction or the storage facility.

Even if an access regime would not result in increased market participant contracting, an access regime could still benefit those using the facility, including AEMO. At the expiration of the interim arrangements, AEMO may still need to use the Dandenong storage facility to manage threats to system security,²⁷ but would not benefit from the price constraints provided for in the interim arrangements. AEMO and, by extension, Victorian consumers, could therefore be susceptible to the exercise of market power at the end of the interim arrangements.

While there could be broader benefits in implementing a third party access regime for the Dandenong storage facility to encourage greater participant contracting, the Commission emphasises that this rule change process is not the appropriate mechanism to progress this. If stakeholders perceive there is a need, this could be the subject of a separate rule change request, or could be pursued through the establishment of Victorian-specific arrangements.

1.5 Our final determination to extend the interim arrangements enables AEMO to address security and reliability risks in the short-term until an enduring fit-for-purpose solution is implemented

Our final determination to extend the interim arrangements for a period of four years recognises the risks to security and reliability projected by AEMO and the ACCC.²⁸ We are conscious that the

²⁵ Such an access regime for the Dandenong storage facility could be implemented through different options, such as creating a new framework under the NGR; extending the application of the third party access regime for non-pipeline facilities in Chapter 5A of the NGL through National Gas Regulation changes and subsequent NGR changes; or through Victorian legislation.

²⁶ APA, submission to the draft determination, p. 5.

²⁷ At the end of the interim arrangements AEMO could use either its ECGS trading function (as it currently stands) or through a SoLR mechanism in the NGR, if one is developed through the current rule change process.

²⁸ AEMO, Victorian Gas Planning Report. March 2025, pp. 15-16 and 46; ACCC, Gas Inquiry 2017-2030, September 2025, Chapter 1; ACCC, Gas Inquiry 2017-2030, June 2025 pp. 17 and 46.

interim arrangements were intended and designed as a stop-gap measure to address shortfall supply risks identified by AEMO and the ACCC in 2022 and were never intended to be an enduring measure.

The four year extension will allow for the development of a fit-for-purpose and enduring solution to manage security and reliability risks in the DWGM and East Coast Gas System (ECGS) more broadly. In this regard, the Commission is progressing several rule change processes as part of Energy Senior Officials' Reliability and Supply Adequacy Stage 2 reforms (RSA Stage 2 reforms), which are focused on addressing reliability and supply adequacy issues more generally across the ECGS. This package of rule change proposals includes the proposed introduction of a Supplier of Last Resort (SoLR) mechanism, which could build on AEMO's existing trading function.²⁹

The Commission notes that a SoLR mechanism, either in combination with a third party access regime or without (noting that a third party access regime and the SoLR mechanism would address different underlying problems) could deliver the enduring solution for the Dandenong storage facility. The four year extension of the interim arrangements is intended to allow sufficient time for a more enduring solution to be developed and implemented for the DWGM. The Commission will consider this issue further through the SoLR rule change process.

²⁹ Energy Senior Officials, Rule change request: [East Coast Gas System Supplier of Last Resort Mechanism](https://www.aemc.gov.au/rule-changes/ecgs-supplier-last-resort-mechanism). See our project webpage for more information <https://www.aemc.gov.au/rule-changes/ecgs-supplier-last-resort-mechanism>.

2 Our more preferable final rule better contributes to the national gas objective than the proposed rule

When deciding whether or not to make a rule, the Commission is required to act in the long-term interests of energy users by considering whether the rule will or is likely to contribute to the achievement of the NGO.

Our more preferable final rule is expected to better contribute to the achievement of the NGO by improving the security, safety and reliability of the supply of gas to Victorian consumers, promoting economic efficiency, embodying principles of good regulatory practice and minimising implementation costs and complexities.

2.1 The Commission must act in the long-term interests of energy consumers

2.1.1 National gas objective

The Commission can only make a rule if it is satisfied that the rule will or is likely to contribute to the achievement of the relevant energy objectives.³⁰ For this rule change, the relevant energy objective is the NGO. The NGO is:³¹

to promote efficient investment in, and efficient operation and use of, covered gas services for the long term interests of consumers of covered gas with respect to—

- (a) price, quality, safety, reliability and security of supply of covered gas; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia’s greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NGO.³²

2.1.2 Making a more preferable rule

The Commission may make a rule that is different, including materially different, to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NGO.³³ For this rule change, the Commission has made a more preferable final rule. The reasons are set out in section 2.4 below.

2.2 We must also take these factors into account

In addition to the NGO, the Commission must take into account other principles and factors when it makes rules on particular subject matters. Under section 295(4) of the NGL, the Commission may only make a rule that has effect with respect to an adoptive jurisdiction, such as Victoria, if

³⁰ Section 291(1) of the NGL.

³¹ Section 23 of the NGL.

³² Section 72A(5) of the NGL.

³³ Section 296 of the NGL.

satisfied that the proposed rule is compatible with the proper performance of AEMO's declared system functions.³⁴ The final rule is compatible because it supports AEMO's functions to:

- control the operation and security of the declared transmission system
- monitor and review the capacity of the declared transmission system
- operate and administer the DWGM
- make and amend Procedures governing the operation and administration of the DWGM.

Further, under section 295(5) of the NGL, the Commission may only make a rule that affects the allocation of powers, functions and duties between AEMO and a service provider for a declared transmission system if the rule is requested by the Minister of a relevant adoptive jurisdiction (or AEMO consents to the making of the rule). The rule change request was submitted by the Honourable Lily D'Ambrosio MP, Victorian Minister for Energy and Resources, Climate Action and State Electricity Commission, and so satisfies this requirement to the extent it applies.

2.3 How we have applied the legal framework to our decision

The Commission must consider how to address the following issues that were identified in the rule change request against the legal framework:

1. the impending expiration of the Dandenong storage facility buyer and supplier of last resort arrangements
2. the lack of transparency and oversight of the operation of the Dandenong liquefaction facility.

We used the following criteria to assess whether the proposed rule change, no change to the rules (business-as-usual), or other viable, rule-based options were likely to better contribute to achieving the NGO:

- safety, security and reliability
- principles of market efficiency
- principles of good regulatory practice.
- implementation considerations.

These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request, for impacts within the scope of the NGO. Our assessment of the final rule against these criteria is set out in section 2.4.

2.3.1 Our final determination is to make a more preferable final rule

The Commission has decided to make a more preferable final rule (the final rule). The final rule is largely consistent with the rule change request, in that it provides for:

1. the extension of the Dandenong buyer and supplier of last resort arrangements
2. greater transparency and oversight of the Dandenong liquefaction facility through the application of certain reporting and maintenance related obligations to this facility.

However, the Commission has made a number of amendments to the proposed rule to ensure the arrangements are targeted, fit for purpose and proportionate. The key differences between the proposed rule and the final rule can be summarised as follows:

- **Dandenong buyer and supplier of last resort interim arrangements:** The final rule provides for:

³⁴ The relevant declared system functions are set out in section 91BA(1) of the NGL.

- The interim arrangements to be extended by four years, rather than the proposed three years.
- A rules-based arbitration mechanism to be called upon if a dispute about the extension of the LNG storage agreement arises between AEMO and the Dandenong storage facility operator, but not for other disputes that may arise over the term of the agreement.
- Additional measures to limit the costs that AEMO may otherwise incur under the interim arrangements, including through the:
 - removal of the rules mechanism permitting variations to the LNG storage agreement for safety and reliability reasons
 - clarification that AEMO is not required to contract for unusable uncontracted storage capacity, or capacity that exceeds what is required to meet the different target level of LNG stock approved by the Victorian Minister
 - provision made for AEMO and APA to enter into a transitional storage agreement so that any LNG stock held on AEMO's behalf at the expiration of the current LNG storage agreement can be retained in storage until the extended LNG storage agreement starts.
- **Transparency and oversight measures:** The final rule provides for:
 - The application of a more targeted set of Gas Bulletin Board reporting obligations to the Dandenong liquefaction facility.
 - AEMO to have greater operational visibility of the Dandenong liquefaction facility. However, it does not require AEMO to consent to changes to, or the termination of, the declared LNG supply agreement between the Dandenong liquefaction operator (BOC) and the Dandenong storage facility operator (APA).

For the reasons set out in section 2.4, the Commission considers the more preferable final rule will better contribute to the NGO. It is also compatible with the proper performance of AEMO's declared system functions.

2.4 Our final rule contributes to the achievement of the NGO

Our final rule extends the Dandenong buyer and supplier of last resort arrangements and improves transparency and oversight of the Dandenong liquefaction facility. It better contributes to the achievement of the NGO by:

- supporting the security, safety and reliability of the supply of gas to Victorian consumers
- promoting the efficient operation and use of the Dandenong storage facility, and supporting the efficient operation of the DWGM
- embodying principles of good regulatory practice, including by being:
 - targeted, fit for purpose and proportionate to the issues they are intended to address
 - providing for predictability, stability, simplicity and transparency of the arrangements
- minimising the costs and complexities associated with both the buyer and supplier of last resort arrangements and Dandenong liquefaction facility transparency and oversight measures.

2.4.1 Supporting the safety, security and reliability of supply in Victoria

The final rule improves the safety, security and reliability of supply in Victoria by enabling:

- market participants and AEMO to make more informed decisions about their use of LNG stock in the Dandenong storage facility to address any threats that may arise in the DWGM (i.e. through the extension of a range of reporting obligations to the Dandenong liquefaction facility)
- AEMO to coordinate the maintenance of the Dandenong liquefaction facility where it poses a threat to system security, including in the lead up to winter where non-critical maintenance could limit the amount of LNG that could be placed into storage to manage threats (i.e. through the extension of maintenance reporting and coordination obligations to this facility)
- AEMO to manage any threats to system security that may arise in the DWGM that the market is unable to address (i.e. through the extension of the Dandenong buyer and supplier of last resort interim arrangements).

The Commission notes that because the Dandenong storage facility is relatively small and has a relatively slow refill (liquefaction) rate, it cannot be relied upon to address all threats to the safety, security or reliability of supply that may arise in the DWGM. However, due to its proximity to Melbourne, which accounts for approximately 70% of Victorian peak demand, AEMO can use it to help alleviate short-term peak-day supply adequacy events. AEMO may also use it to help address more prolonged threats, by 'buying time' until supply from other sources can be obtained, or, if required, by facilitating a safe system shutdown.

The measures set out above should therefore help reduce the risk of curtailment and other threats to the safety, security or reliability of supply that could potentially arise in Victoria between 2026 and 2029 if, as projected, there is a shortfall in supply and system resilience continues to deteriorate.³⁵

Consistent with the NGO, the principal beneficiaries of any improvement in the safety, security and reliability of the supply of gas over this period will be Victorian gas consumers.

Importantly, the final rule better contributes to the achievement of the NGO because it does not allow the costs associated with any major capital upgrades to either the Dandenong storage or liquefaction facility to be passed through to AEMO. This is because the objective of the buyer and supplier of last resort interim arrangements is not for AEMO (and ultimately Victorian gas consumers) to be used as a mechanism to underwrite significant investments in the Dandenong liquefaction or storage facilities.³⁶ Rather, we expect any upgrade of these unregulated assets to be market driven and underwritten through commercial market-based arrangements, as they have been to date.

2.4.2 Promoting market efficiency

The final rule better contributes to the NGO by promoting the efficient operation and use of the Dandenong liquefaction and storage facilities and the efficient use of LNG stock held in the Dandenong storage facility through:

- **The four year extension of the Dandenong buyer and supplier of last resort interim arrangements:** This means that many of the design features that were implemented in the

³⁵ This is reflected in ACCC's latest projections, with the September 2025 gas inquiry report noting that southern states are facing growing shortfalls from 2026, particularly over the winter months. While AEMO's most recent projections suggest that peak-day shortfalls will not emerge until 2028, it also pointed to the critical role the Dandenong storage facility plays in providing additional resilience to manage peak day threats and reduce curtailment risk in the south. ACCC, [Gas Inquiry 2017-2030](#), June 2025, pp. 17 and 46 and AEMO, [Victorian Gas Planning Report](#), March 2025, pp. 15-16 and 46.

³⁶ The Commission notes that the final rule (in line with the interim arrangements) provides for AEMO to relinquish any capacity that it has in the Dandenong storage facility if it is requested by a market participant to facilitate market-driven investment underwriting.

2022 rule change to promote the efficient use of the Dandenong storage facility and AEMO's LNG reserve will continue to do so. These include the following:

- Buyer of last resort features:
 - The requirement for AEMO to procure all usable uncontracted capacity and sufficient gas to meet the target level of LNG stock going into winter,³⁷ together with the flexibility AEMO has to determine whether the LNG reserve should be refilled during or after winter to mitigate other threats, is intended to promote the efficient use of the Dandenong storage facility.
 - The relinquishment and disposal provisions, which are intended to mitigate the risk that AEMO crowds out other more efficient uses of the facility and avoid unnecessary and inefficient withdrawals and injections from storage.³⁸
- Supplier of last resort features: The ability AEMO has to include gas from its LNG reserve into the market schedules at the value of lost load (VoLL), is intended to provide for the efficient allocation of gas and provide participants a strong incentive to hold their own LNG stock.³⁹
- LNG storage contract features:
 - The inclusion of an arbitration mechanism to deal with any dispute that may arise about the extension of the LNG storage agreement is intended to achieve a timely negotiation. Any delay could affect AEMO's ability to efficiently perform the buyer and supplier of last resort function. It could also affect the efficient operation or use of the Dandenong storage facility, and use of AEMO's LNG reserve, if it results in the current agreement ending and AEMO having to empty its reserve.
 - The restriction of the types of variations to the LNG storage agreement allowed under the rules is intended to avoid the inefficient pass through of safety or reliability related investments to AEMO.
- **Dandenong liquefaction facility transparency and oversight measures:** The extension of the:
 - Gas Bulletin Board and DWGM transparency and oversight measures to the Dandenong liquefaction facility will enable market participants and AEMO to make more informed and efficient decisions about their use of the Dandenong storage facility and LNG stock to address any threats that arise.
 - Maintenance obligations to the Dandenong liquefaction facility will support the efficient operation of this facility, the Dandenong storage facility and other DWGM facilities, including by enabling maintenance to be more efficiently coordinated across facilities.

In addition to promoting the efficient operation and use of the Dandenong liquefaction and storage facilities and use of LNG stock, the final rule supports the efficient operation of the DWGM by:

- enabling market participants to make more informed and efficient decisions about their use of gas and covered gas services more generally within the DWGM
- allowing market participants and AEMO to better respond to threats that may arise in the DWGM that could otherwise result in the curtailment of gas users, the market being suspended, or other adverse consequences

37 The target level is the highest level reasonably possible, or such other level determined by AEMO and approved by the Victorian Minister.

38 Rule 286 of the NGR.

39 The VoLL, currently \$800/GJ, reflects the scarcity value of the LNG held in the Dandenong storage facility. The use of VoLL in this context provides market participants an opportunity to bid their gas in before the LNG reserve is used (consistent with the last resort nature of this power) and a financial incentive to hold their own LNG stock (i.e. to avoid having to pay VoLL).

- enabling AEMO to perform its planning, maintenance and other declared system functions more efficiently and effectively, which will also benefit market participants.

2.4.3 Alignment with the principles of good regulatory practice

The arrangements established under the final rule better contributes to the NGO because they are targeted, fit for purpose and proportionate; and provide for predictability, stability, simplicity and transparency:

- The final rule strengthens and improves the Dandenong buyer and supplier of last resort arrangements by:
 - clarifying that AEMO is not required to contract for:
 - the use of unusable uncontracted storage capacity that AEMO reasonably considers is subject to a temporary or permanent constraint (i.e. capacity that cannot be refilled, store LNG and/or have LNG withdrawn from)
 - uncontracted storage capacity that exceeds what is required to meet a different target level of LNG stock approved by the Victorian Minister
 - providing for AEMO and the Dandenong storage facility operator to have recourse to arbitration if they are unable to reach agreement on the extension of the current agreement, but otherwise relying on the contract dispute mechanism for disputes that arise over the term of the agreement
 - removing the rule that permits the Dandenong storage facility operator to seek variations to the LNG storage agreement for safety and reliability reasons to mitigate the risk it is used to pass through the costs of upgrading the storage and/or liquefaction facilities, which is not the intent of the arrangements.
- Market participants and AEMO to have greater transparency and operational oversight of the Dandenong liquefaction facility, while also minimising the reporting and compliance costs. In the case of the Gas Bulletin Board, the final rule achieves this by:
 - requiring BOC to report a targeted subset of information (i.e. on refill capacity nameplate rating, short term and medium term capacity outlooks).
 - allowing BOC to rely on existing features of the Gas Bulletin Board reporting framework that are intended to reduce administrative burden and costs, including being:
 - relieved of the obligation to report the short term capacity outlook on a daily basis if the outlook is unchanged from information previously reported to AEMO⁴⁰
 - able to submit information to AEMO through a CSV file rather than having to put any specific IT systems in place.⁴²
 - allowing AEMO to rely on existing storage reporting templates for reporting by the Dandenong liquefaction facility on the Gas Bulletin Board rather than requiring a new bespoke template to be developed.

In developing the final rule, the Commission has also been cognisant of the broader direction of reform. This is reflected in the Commission's decision to extend the term of the buyer and supplier of last resort arrangements by four years, which is intended to provide sufficient time for a more enduring fit-for-purpose solution to be developed.

40 For example, if the liquefaction facility is turned off for a period, then as long as the last report to AEMO assumed a zero short term capacity outlook, BOC would not need to provide updated information to AEMO until it comes back online.

41 AEMO, Gas Bulletin Board Procedures, March 2025, pp. 17-18.

42 AEMO, Gas Bulletin Board Procedures, March 2025, p. 13.

2.4.4 Minimising cost and complexity in the arrangements

The Commission has taken a number of steps to minimise the cost and complexity associated with extending the Dandenong buyer and supplier of last resort interim arrangements and implementing the Dandenong liquefaction facility transparency and oversight measures.

In the case of the buyer and supplier of last resort arrangements, this includes the decision to extend these arrangements by four years, rather than implementing higher cost and risk alternatives, such as relying on AEMO's trading and directions functions, or extending the term of these arrangements by ten years:

- As the proponent noted, relying on the trading and directions functions could introduce more complexity, give rise to higher administrative costs and result in many of the constraints and other guardrails that apply to the interim buyer and supplier of last resort arrangements lapsing.⁴³
- Extending the term of the arrangements by ten years, could also expose AEMO and Victorian consumers to significant costs and risks given the potential for it to be relied upon by the Dandenong liquefaction and/or Dandenong storage facility operator to underwrite investments in their respective facilities that AEMO will have no ability to control the scope or cost of.

The final rule better contributes to the NGO because it will also limit or otherwise constrain the costs associated with the buyer and supplier of last resort interim arrangements by:

- restricting the circumstances in which the Dandenong storage facility operator, APA, can seek variations to the prices charged under the LNG storage agreement
- clarifying that AEMO is not required to contract for:
 - the use of unusable uncontracted storage capacity that AEMO reasonably considers is subject to a temporary or permanent constraint (i.e. capacity that cannot be refilled, store LNG and/or have LNG withdrawn from)
 - uncontracted storage capacity that exceeds what is required to meet a different target level of LNG stock approved by the Victorian Minister
- providing for transitional storage arrangements, which are intended to mitigate the risk that AEMO incurs unnecessary costs emptying its LNG stock at the expiration of its current LNG storage agreement and refilling the stock once the extended agreement is entered into.

As outlined in section 2.4.3, steps have also been taken to limit the costs that the Dandenong liquefaction facility operator and AEMO will incur under the new transparency and oversight measures.

The ultimate beneficiaries of these cost minimisation measures should be Victorian gas consumers, which is consistent with the NGO.

⁴³ Rule change request, p. 22.

3 Extending and improving the Dandenong storage interim arrangements

The first element of our final rule seeks to ensure that AEMO has access to the tools it needs to address any threats to system security that may arise in the DWGM over the extension period, given the projected shortfalls identified by both the ACCC and AEMO.⁴⁴ That is, by extending the Dandenong buyer and supplier resort interim arrangements that were originally implemented in 2022 and are due to expire at the end of 2025 (see Appendix B for detail on these arrangements).

We consider that a four year extension of the interim arrangements provides the most efficient solution for AEMO to manage the projected threats to system security in the DWGM over this period. In deciding to extend the interim arrangements for this period, the Commission has been cognisant of:

- the broader program of reforms to further develop the ECGS reliability and supply adequacy framework, specifically the rule change request to implement a SoLR mechanism⁴⁵
- our 2010 rule change, which was made in response to the liberalisation of the operation of the Dandenong storage facility and was intended to incentivise efficient market investment and operation of the Dandenong storage facility⁴⁶
- the original intent of the 2022 interim arrangements, which together with the fact that the Dandenong storage facility is not subject to any form of economic regulation, has implications for the role that AEMO (and Victorian gas consumers) should play in underwriting investments.

In extending the interim arrangements by four years, we have decided to make a number of amendments to the rules to improve the outcomes for Victorian gas consumers, including by:

- mitigating the risk of AEMO being exposed to the costs associated with capital investments in unregulated assets (see section 3.2)
- clarifying AEMO's obligations to only contract for usable uncontracted storage capacity (see section 3.3)
- including a rules-based arbitration resolution mechanism to support the extension of the LNG storage agreement (see section 3.4).

These amendments are reflected in the final rule, which is largely unchanged from the draft rule. The key changes that we have made in the final rule are to:

- clarify that if the Victorian Minister approves a different target level for LNG stock, AEMO is only required to contract for the use of uncontracted LNG storage capacity required to meet that target level (see section 3.3.2)
- provide for AEMO and the LNG storage provider (APA) to enter into a transitional storage arrangement to allow for any LNG stock that is held on AEMO's behalf at the expiration of the current LNG storage agreement to be retained in storage until the extended LNG storage agreement starts (see section 3.5).

44 ACCC, Gas Inquiry 2017-2030, September 2025, Chapter 1; ACCC, Gas Inquiry 2017-2030, June 2025, Chapter 3; AEMO, Victorian Gas Planning Report, March 2025, pp. 15-16 and 46.

45 Energy Senior Officials, Rule change request, East Coast Gas System Supplier of Last Resort Mechanism.

46 AEMC, Rule Determination, Dandenong Liquefied Natural Gas Storage Facility, 2010.

3.1 A four year extension efficiently addresses short-term risks to DWGM security and reliability

Box 1: Final determination - Extend AEMO's interim Dandenong storage buyer and seller of last resort powers by four years

Consistent with the draft rule, our final rule extends the 2022 interim Dandenong storage facility buyer and supplier of last resort arrangements by four years. This extension enables AEMO to establish an LNG reserve that can be used to manage any threats to system security that may arise in the DWGM until more permanent arrangements are in place.

Our final rule provides for a four year extension of the interim Dandenong storage facility buyer and supplier of last resort arrangements, consistent with the draft rule.⁴⁷ Subject to the changes outlined in sections 3.2-3.4, the extension maintains the existing Dandenong buyer and supplier framework (see Appendix B). The existing framework provides clear and prescriptive guidance to AEMO on when and how it is to procure, maintain and dispose of storage capacity and LNG stock in relation to the Dandenong storage facility to manage threats to system security in the DWGM. The requirement for AEMO to enter into a new LNG storage agreement with APA to procure uncontracted capacity and sufficient gas to meet the target level going into winter will continue to maximise inventory in Dandenong storage capacity at a time when there are projected short-term threats to the reliability and adequacy of supply in the DWGM.⁴⁸

This is consistent with both the *principles of good regulatory practice and market efficiency* assessment criteria and will promote the NGO.

We consider a four year extension to be the most efficient solution to address the threats to system security that may arise in the DWGM until more permanent arrangements are put in place. The short-term nature of the extension recognises that the interim arrangements were not designed as a long-term or enduring solution to address threats to system security in the DWGM. Nor were they intended to be used to underwrite investment in unregulated assets. Rather, the interim arrangements were intended to be a stop-gap measure until more permanent and fit-for-purpose arrangements could be implemented. We note that the permanent solution could be delivered as part of the broader ECGS reforms. That is, through the implementation of a SoLR mechanism (either in combination with a third party access regime or without)⁴⁹ as part of the RSA Stage 2 rule change requests, which the Commission is currently considering.

Stakeholders supported the extension of the arrangements but expressed mixed views on the extension term

Stakeholders expressed mixed views on the draft rule proposal of a four year extension:

- The EUAA and St Vincent de Paul Society **supported the four year extension**,⁵⁰ with the EUAA stating that this “rule change is not the right place to provide the necessary investment certainty” to facility owners and that this should be dealt with “through other mechanisms”.⁵¹
- The owners of the Dandenong storage and liquefaction facilities (APA and BOC) and APGA **supported a ten year extension** because in their view the rule change should be used to help

47 Rule 200 of the final rule.

48 These threats are outlined in chapter 1.

49 Noting that third party access and the Supplier of Last Resort mechanism would address different issues.

50 Stakeholder submissions to the draft determination: EUAA, p. 1; St Vincent de Paul Society, p. 1.

51 EUAA, submission to the draft determination, p. 1.

underwrite investment in the Dandenong liquefaction facility, due to recent reliability issues with the liquefaction facility.⁵²

- AEMO did not comment on this aspect of the rule change.

A four year extension term will efficiently address the short term reliability and supply adequacy threats facing the DWGM between 2026 and 2029

In contrast to APA, BOC and APGA, the Commission does not consider a longer-term (ten year) extension to be consistent with the original objective of the buyer and supplier of last resort interim arrangements and in the interest of Victorian gas consumers. The Commission notes that:

- The Dandenong storage facility is operated on a commercial and market basis and is not subject to economic regulation. Requiring AEMO to underwrite a long-term investment would erode the commercial and market incentives of asset owners to make efficient investment decisions and manage their assets commercially (for example, removing the incentive to offer a wider range of storage-related services and prices to increase market participant contracting). Rather, any major upgrade of these unregulated assets should ideally be underwritten through commercial market-based arrangements, as they have been to date and as they continue to be on other facilities.⁵³
- AEMO is not the appropriate party to manage the risks associated with long-term investments in unregulated assets. This is particularly the case when there is uncertainty in the gas demand-supply outlook in light of the potential for new supply sources to come online and a reduction in gas demand due to electrification. These risks are more appropriately borne by asset owners and market participants who are better placed and more informed when making commercial decisions about investments in the long-term operation of these assets.

3.2 Victorian gas consumers should not bear the cost and risk of capital investments in unregulated assets

Box 2: Final determination - major capital investments should not be underwritten by gas consumers during the four year extension of the interim arrangements

Consistent with the draft rule, our final rule limits the circumstances in which variations to the LNG storage agreement between AEMO and APA can be made by removing rule 282(2)(c)(i). This is to ensure that the agreement is not used to pass-through the costs associated with any capital upgrade of either the Dandenong storage or liquefaction facilities.

Consistent with the draft rule, the Commission's final rule addresses the risk that the costs associated with major capital upgrades of the Dandenong storage and/or liquefaction facilities may be passed through to AEMO (who should not be the entity deciding on the scope of the investment) and ultimately Victorian gas consumers by removing rule 282(2)(c)(i).

This risk arises because rule 282(2)(c)(i) currently permits variations (including to price) to the LNG storage agreement between AEMO and APA where they are reasonably necessary for the safe and reliable operation of the storage facility. There is a risk that in its current form, APA could rely on this provision to seek amendments to the agreement to pass through the costs of major capital upgrades to either its own storage facility, or the liquefaction facility (if it is affecting the

52 Stakeholder submissions to the draft determination: APA, p. 4; BOC, p. 2; APGA, p. 2.

53 A recent example of this on other storage facilities includes the expansion of the Iona underground storage facility, which is being underpinned by a 25 year gas storage agreement with Snowy Hydro that was entered into in 2024. See <https://www.snowyhydro.com.au/news/snowy-hydro-signs-lochard-gas-storage-agreement>.

reliable operation of the storage facility). This risk appears greater than it was in 2022 when rule 282(2)(c)(i) was implemented, with both BOC and APA submitting to the consultation paper and draft determination that there is a need for investment in the liquefaction facility. To mitigate this risk, our draft determination was to remove rule 282(2)(c)(i). Stakeholders expressed mixed views on our draft determination:

- St Vincent de Paul Society, EUAA and AEMO **supported the removal**:
 - St Vincent de Paul Society, for example, noted the need to ensure “gas consumers are not exposed to the risks and costs of significant capital investments in unregulated assets”.⁵⁴
 - The EUAA agreed that consumers should not bear these risks and noted that AEMO is not the appropriate party to manage the risks associated with investments in unregulated assets.⁵⁵
 - AEMO also supported the removal of this rule to ensure it “cannot be relied on for capital investment under the guise of a safety-related issue”.⁵⁶ AEMO also noted that additional protections may be required in the rules to ensure that such costs are not passed through via liquefaction charges, which are automatically passed through under its LNG storage agreement with APA.
- BOC, APA and APGA, on the other hand, were **opposed to the removal**:
 - BOC stated that this would remove the “reliability backstop in the NGR”.⁵⁷
 - APA stated that the removal of this rule was “at odds with one of the key objectives of the rule change” and noted that the rule provides “an emergency ‘backstop’ should urgent investment need to be undertaken”.⁵⁸ APA suggested the rule be retained and extended to explicitly allow for variations reasonably necessary for the safe and reliable operation of the liquefaction facility.⁵⁹
 - APGA similarly suggested the rule be retained and extended to the liquefaction facility.⁶⁰

AEMO and Victorian gas consumers should not bear the risk of long-term investments to address reliability issues in an unregulated asset

As outlined in section 3.1, the original intent of the interim arrangements was not that they be used as a mechanism to underwrite investment in the Dandenong storage and/or liquefaction facility. Therefore, the Commission does not consider it appropriate for rule 282(c)(2)(i) to allow amendments to the current contract to pass through the costs of such investments to AEMO and ultimately Victorian gas consumers.

In the Commission’s view, the need to undertake long-term and significant capital investment to address reliability issues associated with either the liquefaction or storage facility is a decision for APA and BOC considering present and future market conditions and should be supported by market participant contracting. While we understand that there may be some concerns about the reliability of the liquefaction facility, we consider that these concerns can be more effectively and efficiently addressed, without exposing AEMO and ultimately Victorian gas consumers to unreasonable costs and risks. That is by:

⁵⁴ St Vincent de Paul Society, submission to the draft determination, p. 1

⁵⁵ EUAA, submission to the draft determination, p. 1.

⁵⁶ AEMO, submission to the draft determination, p. 1.

⁵⁷ BOC, submission to the draft determination, p. 2.

⁵⁸ APA, submission to the draft determination, p. 6

⁵⁹ APA, submission to the draft determination, p. 6

⁶⁰ APGA, submission to the draft determination, p. 3.

- improving transparency and operational oversight of the liquefaction facility, as well as extending Part 19 NGR maintenance reporting and coordination obligations to the liquefaction facility (see chapter 4)
- APA and BOC seeking market participant contracting to support any significant capital investment required to improve the reliability of the liquefaction facility.⁶¹

As to the concerns AEMO raised about the liquefaction pass through mechanism it is very difficult to see how this mechanism could be relied on to support the cost of major upgrades given that the liquefaction charge is only payable when gas is liquefied and injected into storage. If no liquefaction occurs, then this charge is nil as can be seen in the Dandenong LNG summary reports published by AEMO. Based on our review of these reports, it would appear that AEMO has only had to pay liquefaction charges on three occasions since the interim arrangements were put in place, which correspond to the times that it injected LNG into the storage facility.⁶²

Our final determination is consistent with the *principles of market efficiency* and *good regulatory practice* assessment criteria and will promote the NGO by:

- Allocating risk to those parties best suited to manage risk, which in this case are APA, BOC and market participants, not AEMO. Decisions by investors and asset owners to undertake long-term significant capital investments are made having regard to detailed analysis and projections about present and future market conditions.
- Ensuring that investors and asset owners of the Dandenong storage facility and associated infrastructure face the appropriate incentives to operate the facility on a commercial basis. In this regard, we note the previous changes made in 2010 to liberalise the use of the Dandenong storage facility.⁶³ These changes provided more flexibility to the Dandenong storage provider to offer a wider range of storage-related services on a commercial basis and were intended to encourage efficient capital investment in the facility to meet the needs of potential storage users (such as expanding storage capacity and providing faster liquefaction and vaporising capability).

3.3 AEMO should only be required to contract usable storage capacity

Box 3: Final determination - AEMO will only be required to contract usable storage capacity

Consistent with the draft rule, our final rule clarifies that AEMO is not required to contract for the use of uncontracted LNG storage capacity that is unusable (i.e. because the storage capacity cannot be refilled, used to store LNG, and/or have LNG withdrawn from it).

In addition to the draft rule, the final rule also clarifies that if the Victorian Minister approves a different target level for LNG stock, AEMO is only required to contract for the use of uncontracted LNG storage capacity required to meet that target level.

Our final rule⁶⁴ aligns with both the *principles of market efficiency* and *good regulatory practice* assessment criteria and will promote the NGO by ensuring that:

- the risk of unusable storage capacity is allocated to the party best placed to manage the risk, which in this case is APA as the seller of storage services

⁶¹ It is worth noting that if such contracting was to occur, then this could automatically be accommodated under the interim arrangements, with the rules allowing for AEMO to relinquish capacity if market participants are contracting that capacity. See NGR, rule 286.

⁶² AEMO, Dandenong LNG Summary Reports, November 2023, November 2024 and May 2025.

⁶³ AEMC, Dandenong LNG Storage Facility, Rule Determination, 2010.

⁶⁴ Rule 282(3A) of the final rule.

- AEMO does not incur unnecessary costs contracted for storage capacity that is not required to meet a target level approved by the Victorian Minister.

3.3.1 AEMO is only required to contract usable capacity

Consistent with the draft rule, the final rule clarifies that AEMO should not be required to contract for unusable storage capacity. That is, storage capacity that cannot be used because there are temporary or permanent constraints in the liquefaction, storage and/or vaporisation facilities that limit AEMO's ability to refill the storage capacity, store LNG and/or withdraw LNG from the facility. The Commission made this clarification in response to concerns raised by AEMO, noting that under the current rules it could be required to contract storage capacity that is incapable of being used.⁶⁵ This is because the rules currently require AEMO to contract all the uncontracted LNG storage capacity available as at 1 March of the relevant year.⁶⁶ St Vincent de Paul Society supported this clarification.⁶⁷

AEMO did further suggest that the rules also clarify that it is not required to pay for unusable storage capacity.⁶⁸ That is, storage capacity that AEMO has already contracted but subsequently becomes unusable. The Commission has considered AEMO's suggestion but decided not to make this change because the Commission considers it is sufficiently clear that AEMO should not pay for capacity that it has not contracted for. As to contracted capacity that subsequently becomes unusable, this is addressed in the contract terms.

3.3.2 AEMO is only required to contract the capacity necessary to meet a Minister approved target level

The final rule also addresses a gap in the draft rule by making it clear that AEMO is not required to contract for the use of uncontracted LNG storage capacity in excess of what is required to meet a lower target level approved by the Victorian Minister.⁶⁹

This gap occurs because although rules 282(4) and 282(5) allow for the target level of LNG stock to be different if there are circumstances that warrant a lower target level approved by the Victorian Minister, rule 282(3) requires AEMO to procure *all* uncontracted LNG storage capacity available as at the end of 1 March of any relevant year. It is therefore possible that if the Victorian Minister does approve a lower target level, AEMO would be required under rule 282(3) to pay for storage capacity that is not required, which would impose unnecessary costs on Victorian gas consumers.

3.3.3 Maintaining the 1 March requirement for AEMO to procure uncontracted storage capacity

APA suggested in its response to the draft determination that the rules be amended to require AEMO to purchase any uncontracted capacity that may be available during the year, rather than only being required to do so as at 1 March.⁷⁰

The Commission has considered this suggestion but is concerned that it would impose unnecessary costs on Victorian gas consumers. It may also adversely affect the incentives that market participants have to hold their own LNG stock in the facility, if they know that AEMO will be keeping that capacity filled with LNG and that AEMO can be required to relinquish capacity to

⁶⁵ AEMO, submission to the consultation paper, p. 1 and AEMO, submission to the draft determination, p. 1.

⁶⁶ NGR Rule 282(3).

⁶⁷ S St Vincent de Paul Society submission to the draft determination, p. 1.

⁶⁸ AEMO, submission to the draft determination, p. 1.

⁶⁹ Rule 282(3A) of the final rule.

⁷⁰ APA, submission to the draft determination, p. 8.

them. The final rule does not therefore provide for any change to this aspect of the interim arrangements.

3.4 A rules-based arbitration mechanism should be included to support the extension of the LNG storage agreement, but is not required for other disputes that may arise over the extension term

Box 4: Final determination - AEMO and APA should have access to a rules-based arbitration mechanism to support the entry into the extended LNG storage agreement

Consistent with the draft rule, our final rule provides for a rules-based arbitration mechanism that AEMO and APA can have recourse to if they are unable to agree to the terms of the extension of the LNG storage agreement, which is required to give effect to the buyer and supplier of last resort arrangements.

We do not consider it necessary to extend the operation of this arbitration mechanism to capture other potential disputes that may arise over the extension period.

3.4.1 A rules-based arbitration mechanism will support the timely entry into the extended LNG storage agreement

To enable the interim arrangements to continue, AEMO and the LNG storage provider (APA) will need to extend their existing LNG storage agreement, which is currently due to expire at the start of the Gas Day on 1 January 2026. Accordingly, consistent with the draft rule, the final rule:

- requires the extension to be on substantially the same terms as the 2022 LNG storage agreement and to otherwise comply with the rules⁷¹
- sets out the date by which this extension must be negotiated (see section 3.5) and the process to be followed by AEMO and APA when negotiating the extension.⁷²
- allows AEMO and APA to have recourse to a rules-based arbitration mechanism if they are unable to agree on the terms of the extension by the specified date.⁷³

This is akin to the arrangements that were put in place as part of the 2022 rule change.⁷⁴ It is also consistent with the rule change request⁷⁵ and was supported by both APA and AEMO.⁷⁶

The Commission considers that including equivalent arrangements for this extension is consistent with our assessment criteria of *principles of good regulatory practice* and *market efficiency* and will promote the NGO by:

- mitigating the risk that an extension of the current LNG storage agreement is not entered into, which could adversely affect the efficient operation or use of the facility and/or AEMO's use of its LNG reserve
- helping to reduce any imbalance in bargaining power that AEMO may otherwise face in negotiations, which could operate to the detriment of Victorian gas consumers if it adversely

⁷¹ Rule 282(2) of the final rule.

⁷² Rules 110 and 112 of the final rule.

⁷³ Rule 113 of the final rule.

⁷⁴ Rule 93, Part 18 National Gas Amendment (DWGM interim LNG storage measures) Rule 2022 No.4.

⁷⁵ Rule change request, p. 29.

⁷⁶ Stakeholder submissions to the consultation paper: AEMO, p. 2; APA, p. 13.

affects the prices and/or other terms and conditions that AEMO is subject to under the LNG storage agreement.

3.4.2 **We do not consider that there is a need for a rules-based arbitration mechanism to deal with disputes arising during the extension period**

Our final rule does not include a rules-based arbitration mechanism to deal with any disputes that may arise over the term of the extension period. While this was proposed in the rule change request,⁷⁷ we do not consider it necessary to make provision for this in the rules because:

- following the deletion of rule 282(2)(c)(i) (see section 3.3), the scope of permitted variations to the LNG storage agreement under the final rule is very limited and are restricted to those provided for under the contract
- the LNG storage agreement between AEMO and APA already provides a mechanism for managing contractual disputes that arise over the term of the agreement.

3.5 Implementation and transitional arrangements for the interim arrangements

Box 5: Final determination – An extended LNG storage agreement will need to be in place by 28 February 2026 and a transitional storage agreement can be used to accommodate any LNG stock held by AEMO at 31 December 2025

Consistent with the draft rule, APA and AEMO are required to have an extended LNG storage agreement in place by 28 February 2026.

In contrast to the draft rule, our final rule further provides for the parties to enter into a transitional LNG storage agreement to mitigate the risk of AEMO having to dispose of its LNG stock prior to 1 March 2026, which is when AEMO's obligations to contract any uncontracted storage capacity and to start procuring gas to meet the target level commences.

To enable the interim arrangements to continue over the extension term, AEMO and APA will need to extend their existing LNG storage agreement, which is currently due to expire at the start of the Gas Day on 1 January 2026.

This is provided for in the final transitional provisions, which requires AEMO and APA to have an extended LNG storage agreement in place by 28 February 2026.⁷⁸ This date will ensure that:

- AEMO and APA have sufficient time to negotiate the extension and able to have recourse to the rules based arbitration mechanism, if agreement cannot be reached (see section 3.4).
- the extended LNG storage agreement is in place prior to 1 March 2026, which is when AEMO's obligations to contract any uncontracted storage capacity and to start procuring gas to meet the target level commences.⁷⁹

However, requiring the extended agreement to be in place by 28 February 2026 means there could be a gap between the expiration of the current LNG storage agreement and the commencement of the extended LNG storage agreement. There is a risk that APA could require AEMO to empty its LNG stock from the Dandenong storage facility during that transition period until the extended

⁷⁷ Rule change request, p. 29.

⁷⁸ Rule 110 of the final rule.

⁷⁹ Rule 282(3) of the final rule.

agreement is in place. If this was to occur, then it could result in AEMO (and by extension Victorian gas consumers) incurring significant costs in:

- vaporising the LNG stock and then selling it into the market
- purchasing gas to place it back into storage once the extended agreement is in place
- liquefying the gas so that it can be placed back into storage.

To mitigate this risk, our final rule provides for a transitional storage agreement to be put in place to allow any LNG stock that AEMO holds at the expiration of its current LNG storage agreement to be retained in storage until the extended LNG storage agreement starts. These transitional arrangements align with the *implementation considerations* assessment criterion and will promote the NGO. That is by mitigating the risk that unnecessary costs are incurred in emptying and refilling the Dandenong storage facility as a result of any gap between the expiration of the current agreement and 1 March 2026, when AEMO's obligation to contract for uncontracted capacity commences. Accordingly, the final transitional provisions require:⁸⁰

- AEMO and APA to negotiate in good faith with a view to reaching agreement on the terms of the transitional storage agreement no later than 31 December 2025; and
- the transitional storage agreement to be on substantially the same terms as the expiring LNG storage agreement.

It also makes clear that AEMO would still be able to use or transfer the LNG stock in accordance with the rules.⁸¹

80 Rule 111 of the final rule.

81 Rule 111 of the final rule.

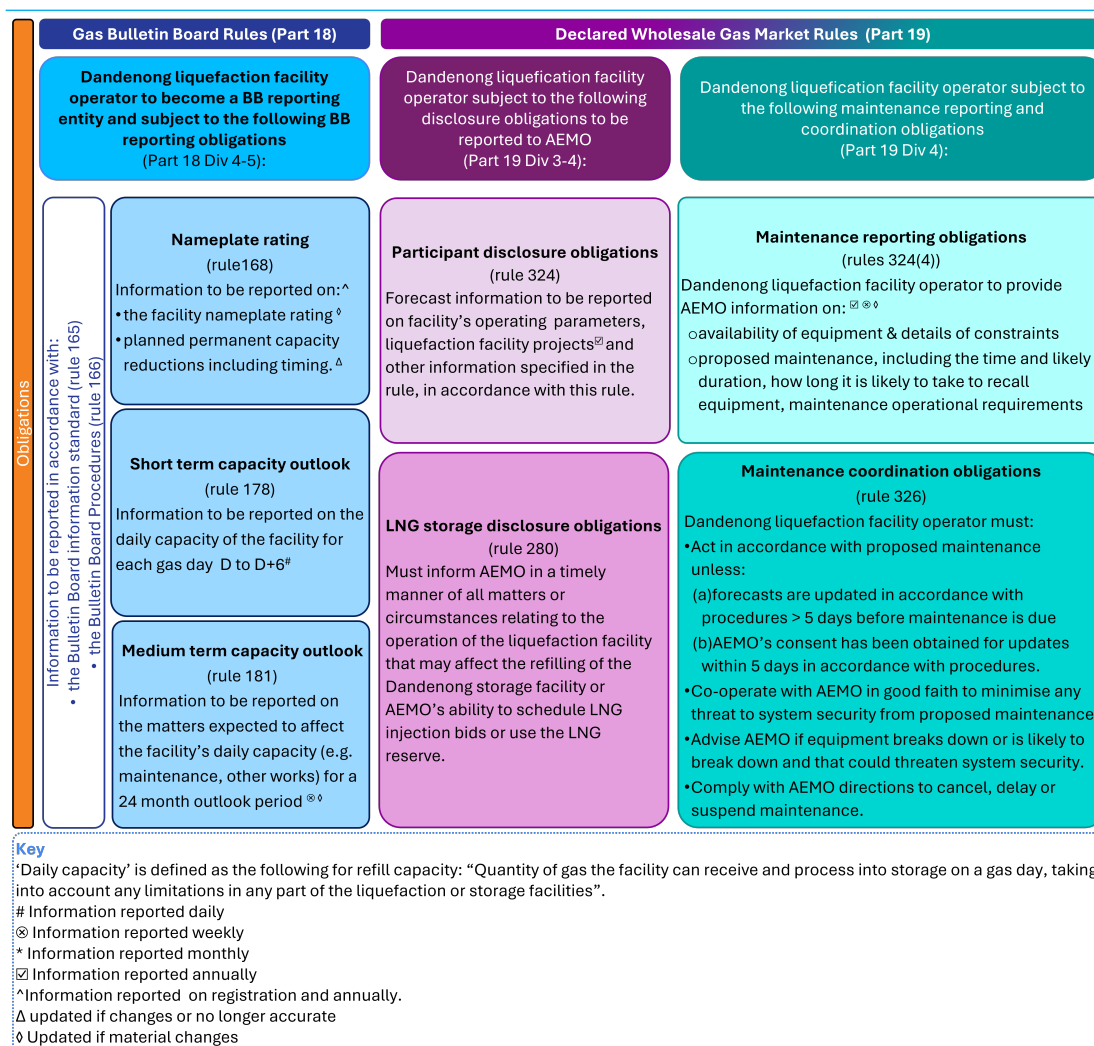
4 Measures to improve transparency and oversight of the Dandenong liquefaction facility

The second element of our final determination provides for greater transparency and oversight of the Dandenong liquefaction facility through the extension of the following obligations to this facility (see Figure 4.1 for detail):

- the Gas Bulletin Board reporting obligations in Part 18 of the NGR (see section 4.1)
- the participant disclosure,⁸² LNG storage disclosure,⁸³ and maintenance reporting and coordination obligations⁸⁴ in Part 19 of the NGR (see section 4.2).

In contrast to the time-bound extension of the buyer and supplier of last resort arrangements, these transparency and oversight measures will apply on a permanent basis. Compliance with these new obligations will commence on 1 April 2026 (see section 4.3).

Figure 4.1: Measures to improve transparency and oversight of the Dandenong liquefaction facility



82 NGR, rule 324.

83 Rule 280(1) of the final rule.

84 NGR rules 324(4) and 326.

In deciding to extend these obligations to the Dandenong liquefaction facility, the Commission has been cognisant of both:

- the increasing potential for peak-day supply shortfalls to arise in southern jurisdictions,⁸⁵ which may result in the Dandenong storage facility being called upon more frequently to help alleviate peak day supply adequacy events and/or threats to system security in the DWGM
- the critical role that the liquefaction facility plays in enabling the Dandenong storage facility to be refilled with LNG and determining the speed with which this refill can occur.

These points underscore the importance of market participants and AEMO having a good understanding of the operation of the Dandenong liquefaction facility, which has been provided for in the final rule. The final rule is largely consistent with the draft rule in regards to the Bulletin Board requirements. The only notable change is an amendment to the reporting model used for providing the Gas Bulletin Board information (see section 4.1). The improved transparency and oversight of the Dandenong liquefaction facility provided by the final rule is expected to enable:

- market participants and AEMO to make more informed and efficient decisions about their use of the Dandenong liquefaction and storage facilities and their use of LNG to address peak day supply adequacy events and/or threats to system security
- AEMO to perform its declared system functions⁸⁶ more efficiently and effectively.

4.1 Market participants should have greater visibility of the Dandenong liquefaction facility through changes to the Gas Bulletin Board

Box 6: Final determination – Application of Gas Bulletin Board reporting obligations to the Dandenong liquefaction facility

Consistent with our draft rule, our final rule provides for the extension of a targeted set of Gas Bulletin Board reporting obligations to the Dandenong liquefaction facility on a permanent basis. However, the final rule provides for a different reporting model compared to our draft rule. Under a stand-alone facility reporting model, the Dandenong liquefaction facility will have to report the facility's refill nameplate rating, short term and medium term capacity outlooks to AEMO for publication on the Gas Bulletin Board in accordance with Part 18 of the NGR.

The Commission's final determination addresses the identified deficiencies in the Gas Bulletin Board reporting obligations by requiring the Dandenong liquefaction facility operator (BOC) to report a targeted set of information on the refill capacity.⁸⁷ Our final determination is consistent with the rule change request, which noted the importance of market participants having access to information that assists them in establishing and maintaining their own storage position in the Dandenong storage facility.⁸⁸ This view was echoed by a number of stakeholders in response to both the consultation paper⁸⁹ and the draft determination.⁹⁰ BOC did not support the application of the Gas Bulletin Board reporting obligations to its facility and stated that it would incur "significant compliance costs" for "no value to the market, as the liquefaction rates are much lower than the LNG storage and injection volumes".⁹¹ As outlined above, changes in the refill

85 See ACCC, [Gas Inquiry 2017-2030](#), September 2025, Chapter 1 and AEMO, [Victorian Gas Planning Report](#), March 2025, pp. 15-16 and 46.

86 These functions are set out in section 91BA of the NGL.

87 Rule 141 of the final rule.

88 Rule change request, p. 31.

89 Stakeholder submissions to the consultation paper: EUAA, pp. 1-2, Origin, p. 2, APA, p. 13 and APGA, p. 4.

90 Stakeholder submissions to the consultation paper: St Vincent de Paul Society, p. 1; EUAA, p. 1; APGA, p. 3.

capacity can have a material effect on the time required to refill an LNG storage facility, which can, in turn, affect the efficiency with which market participants can make decisions about when to refill the facility and/or use their LNG stock. The Commission does therefore not agree with BOC's view that there would be no benefit to the market in reporting information on the refill capacity on the Gas Bulletin Board. The Commission has nevertheless taken steps to minimise BOC's compliance costs, which are discussed further in section 4.1.2. Further detail on the implementation timings and transitional arrangements that will apply to this new obligation is provided in section 4.3.

Part 18 of the NGR currently requires storage facility operators, such as the Dandenong storage facility, to report a range of information to AEMO for publication on the Gas Bulletin Board. This includes the facility's refill, storage and withdrawal nameplate ratings, short term and medium term capacity outlooks. These reporting obligations implicitly assume that the storage facility operator controls the refill, storage and withdrawal capacities. However, that is not the case with the Dandenong storage facility (see Figure 1.2), with:

- BOC, the Dandenong liquefaction facility operator, controlling the refill capacity
- APA, the Dandenong storage facility operator, controlling the storage and withdrawal capacities.

The separate ownership of these facilities means there is a risk that inaccurate or incomplete information on the refill capacity may be reported on the Bulletin Board. This is because the Dandenong storage facility operator, who is currently responsible for reporting the refill, storage and withdrawal capacity information, does not have full visibility of the operation of the Dandenong liquefaction facility, or matters that may affect the refill nameplate rating, short term and/or medium term capacity outlooks.

If incomplete information is reported, as the proponent observed has occurred in the past,⁹² it could result in market participants making inefficient decisions about the refilling of the Dandenong storage facility and use of the LNG held in storage. For example, if the refill capacity reported on the Gas Bulletin Board is materially higher than what can be achieved operationally, or if maintenance of the Dandenong liquefaction facility is planned, but the market is unaware of this, then market participants may understate the time required to refill their storage capacity. This could, in turn, result in inefficient decisions being made about:

- when to refill the Dandenong storage facility, which could lead to insufficient LNG stock being in storage to deal with any peak day supply inadequacies or other threats that may arise while the refill is occurring, and/or
- the use of any LNG stock that is in the Dandenong storage facility if market participants do not have a good understanding of how long it would take to refill.

In this regard, it is worth noting that small variations in the refill capacity can have a material effect on the number of days taken to refill the capacity.⁹³

In the Commission's view, this is a deficiency in the current Gas Bulletin Board reporting obligations that the final rule should address given both:

91 BOC, submission to the draft determination, p. 2.

92 The rule change request pointed to some instances of this on the Gas Bulletin Board, noting that from late 2018 through to late 2024, the Dandenong storage facility operator reported a flat maximum refill capacity, other than a few instances where maintenance was undertaken on the storage facility's side. As the rule change request notes, this implies that there were no periods of reduced availability or maintenance of the liquefaction facility for that entire period, which the proponent stated was not the case. Rule change request, p. 19.

93 For example, if the refill capacity fell from 8.2 TJ/day to 7.4 TJ/day, the time taken to replace the 680 TJ in the tank would increase from 83 days to 92 days.

- the critical role the Dandenong liquefaction facility plays in enabling market participants to refill the Dandenong storage facility
- the stated purpose of the Gas Bulletin Board, which is to make information available to Bulletin Board users to facilitate trade and informed and efficient decisions in relation to the provision and use of covered gas and covered gas services.⁹⁴

The final rule provides for the permanent extension of a targeted set of Gas Bulletin Board reporting obligations to the Dandenong liquefaction facility, by:⁹⁵

- treating the liquefaction facility as a stand-alone facility for Gas Bulletin Board reporting purposes (see section 4.1.1 for more detail on this reporting model)
- requiring it to report information on the facility's storage refill⁹⁶ nameplate rating, short term and medium term capacity outlooks (see section 4.1.2 for more detail on the information to be reported).

Addressing the existing deficiencies in the Gas Bulletin Board reporting obligations in this manner will enable market participants to make more informed and efficient decisions about their use of the Dandenong storage facility and LNG stock, including to address any threats that may arise in the DWGM. This aligns with both the *safety, security and reliability* and *principles of market efficiency* assessment criteria and will promote the NGO.

4.1.1 Reporting model used for the Dandenong liquefaction facility

Our draft rule provided for the Dandenong liquefaction and storage facilities be treated as a single facility for the purposes of Gas Bulletin Board reporting and jointly responsible for complying with the storage reporting obligations. While this proposal was supported by AEMO and the EUAA, APA and APGA expressed significant concerns about this reporting model.⁹⁷ APA and APGA stated that treating the liquefaction and storage assets as a single facility was "inappropriate" because they are commercially separate corporate entities.⁹⁸ APA also submitted that if it was the reporting entity for the facility, "it would be unreasonable for [it] to be held accountable for reporting information provided by BOC, when such reporting would be wholly contingent on information outside APA's control".⁹⁹ To address these concerns, APA and APGA suggested that the Dandenong liquefaction facility be treated as a stand-alone facility and report information in its own right¹⁰⁰

Given the concerns raised about this reporting model, the Commission has revisited this aspect of our draft determination. While we were originally concerned that the treatment of the Dandenong liquefaction facility as a stand-alone facility could impose significant costs on AEMO and BOC, we have subsequently determined that there are ways to minimise those costs. For example, it would be open to:

- AEMO to use the existing storage Gas Bulletin Board reporting template for the Dandenong liquefaction facility¹⁰¹ rather than incurring costs developing a bespoke template for this facility.¹⁰²

94 Rule 145 of the NGR.

95 Rules 141 and 144B of the final rule.

96 The capacity that must be reported by this facility is measured by reference to the quantity of gas that can be processed into storage. See rule 141 of the final rule.

97 Stakeholder submissions to the draft determination: AEMO, p. 1, EUAA, p. 1, APA, p. 6 and APGA, p. 3.

98 Stakeholder submissions to the draft determination: APA, p. 6 and APGA, p. 3.

99 APA, submission to the draft determination, p. 6.

100 Stakeholder submissions to the draft determination: APGA, p. 3; APA, p. 8.

101 If this reporting template was used, then BOC would need to be able to report the storage and injection values as either n.a. or zero.

- BOC to submit its information to AEMO via a CSV file rather than incurring costs installing any bespoke systems.¹⁰³

The Commission notes that the stand-alone reporting model will result in separate refill capacity values being reported for both the Dandenong liquefaction facility and the Dandenong storage facility. This is because the Dandenong storage facility operator, like other storage operators, will still be required to report a refill rate under Part 18 of the NGR. It is also possible that different refill capacity values will be reported by the two facility operators.

For example, if there is a constraint on the storage facility side, then the refill capacity reported by the storage facility operator may be lower than that reported by the liquefaction facility operator and vice versa. Under the single facility reporting model, these differences would be reconciled by the two facility operators, with a single number that reflects the constraints on either side being reported. These shortcomings need to be weighed against the compliance costs and risks associated with the single facility reporting model, particularly given the Gas Bulletin Board reporting obligations are classified as Tier 1 civil penalty provisions.¹⁰⁴ On balance, having regard to the matters set out above, the objective of this element of the rule change and the NGO, the Commission has decided that the stand-alone facility reporting model should be employed. This means that BOC, as the operator of this liquefaction facility, will be required to register with AEMO as a reporting entity with AEMO and comply with the Gas Bulletin Board reporting obligations in its own right.¹⁰⁵

4.1.2 Information to be reported by the Dandenong liquefaction facility

Our final rule provides for the Dandenong liquefaction facility operator to report the following targeted set of information on the facility's storage refill capacity to AEMO for publication on the Gas Bulletin Board:

- the nameplate rating information (including planned permanent capacity reduction information) set out in rule 168, which must be reported annually and updated if there is a material change¹⁰⁶
- the short term (7 day) capacity outlook information set out in rule 178, which must ordinarily be reported on a daily basis and updated as soon as practicable if there is a material change¹⁰⁷
- the medium term (2 year) capacity outlook information set out in rule 181, which must be reported on a weekly basis and updated as soon as practicable if there is a material change.

BOC will be required to prepare and submit this information (including any required updates) to AEMO in accordance with relevant provisions in Part 18 of the NGR and AEMO's Gas Bulletin Board Procedures.

BOC has expressed concerns about the potential compliance costs associated with these reporting obligations. The Commission has taken a number of steps to try and reduce these costs. The final rule, for example, requires BOC to report substantially less information than other facility

¹⁰² The transitional provisions provide for this, by stating that AEMO may register and report data relating to a BB liquefaction facility as if it were a BB storage facility until such time as AEMO considers it convenient and cost effective to create a separate registration category. See Schedule 1, Part 21, Rule 116 of the final rule.

¹⁰³ This is provided for in section 5.1 of the Gas Bulletin Board Procedures. See AEMO, BB Procedures, March 2025, p. 13..

¹⁰⁴ Rule 165(1) and Rule 165(4) is classified as a Tier 1 civil penalty provision and states that a BB reporting entity required by a provision of Pt 18 or the BB Procedures to give information or data (or provide updated information or data) to AEMO must prepare and submit that information and, if applicable, maintain any equipment from which that information or data is derived.

¹⁰⁵ Rules 141 and 144B of the final rule, and Rule 116 of the final rule.

¹⁰⁶ A material change in relation to nameplate rating is defined in NGR Rule 141 as the information no longer being accurate due to changes in the capacity likely to impact the facility for more than 1 year

¹⁰⁷ A material change in relation to the short term or medium term capacity outlook is defined in NGR Rule 141 as the greater of A and B, where A is 5 TJ and B is the lesser of 10% of the nameplate rating and 30 TJ.

operators.¹⁰⁸ BOC will also be able to make use of existing mechanisms in Part 18 of the NGR and the Gas Bulletin Board Procedures that are intended to reduce compliance costs.

This includes being able to report information to AEMO using a CSV file rather than having to put specific systems in place. In the case of short term capacity outlook reporting, it also includes being able to rely on default values if the outlook is unchanged from the prior reported outlook.¹⁰⁹ For example, if the liquefaction facility is:¹¹⁰

- not operating for a period of time and BOC has reported the short term capacity outlook as zero, then BOC will not have to submit daily short term capacity outlooks until the facility starts operating again, or
- operating at specified capacity for a period of time (e.g. 6 TJ/day) and BOC has reported this in the short term capacity outlook, then BOC will not have to submit daily short term capacity outlooks until that changes.

BOC could rely on these existing mechanisms to significantly reduce the frequency with which it has to report short term capacity outlook information and therefore compliance costs.

4.2 AEMO should have greater operational oversight of the Dandenong liquefaction facility through changes to the DWGM rules

In addition to the Gas Bulletin Board reporting obligations, our final determination provides for AEMO to have greater operational oversight of the Dandenong liquefaction facility on a permanent basis through the extension of the:

- participant disclosure obligations (section 4.2.1)
- LNG storage disclosure obligations (section 4.2.2)
- maintenance reporting and coordination obligations (section 4.2.3).

Our final rule does not, however, require AEMO's consent to be obtained before the declared LNG supply agreement between the Dandenong liquefaction and storage facility operator can be varied or terminated (section 4.2.4).

4.2.1 The Dandenong liquefaction facility should be subject to the DWGM participant disclosure obligations

Box 7: Final determination - Application of DWGM participant disclosure obligations to the Dandenong liquefaction facility

Consistent with the draft rule, our final rule provides for the Dandenong liquefaction facility to be subject to the DWGM participant disclosure obligations on a permanent basis. This will result in the Dandenong liquefaction facility having to report a range of forecast operational and investment information to AEMO on an annual basis.

Consistent with the draft rule, the Commission's final rule addresses the identified gap in the DWGM participant disclosure obligations by requiring the Dandenong liquefaction facility operator to be subject to the same reporting obligations as other DWGM facility operators.¹¹¹ This final

¹⁰⁸ Other facility operators are, for example, also required to report information on actual daily production, nominated and forecast use information and information on capacity bookings.

¹⁰⁹ AEMO, Gas Bulletin Board Procedures, March 2025, pp. 17-18.

¹¹⁰ If, for some reason, the facility is not operating as expected in either of these examples, then BOC would need to report updated information to AEMO.

¹¹¹ Rule 324B of the final rule.

position is also consistent with the rule change request, which noted the importance of extending the disclosure obligations to the Dandenong liquefaction facility on a permanent basis so that AEMO can effectively perform its planning function.¹¹² The extension of the participant disclosure obligations to the Dandenong liquefaction facility was broadly supported by those stakeholders that responded to the draft determination.¹¹³ BOC also confirmed that it was “not opposed in principle” to being subject to this reporting obligation, although it did note that it expected to be able to recover compliance costs from the market.¹¹⁴ Like other unregulated entities that are subject to BB reporting obligations, the pass through of these costs will depend on commercial arrangements outside the scope of the rules.

The participant disclosure obligations in Part 19 of the NGR currently require DWGM registered participants and DWGM facility operators to provide AEMO with a range of forecast operational and investment information on an annual basis so that it can perform its planning function.¹¹⁵ The Dandenong liquefaction facility is currently not subject to these disclosure obligations because it is neither a DWGM registered participant, nor a DWGM facility operator.¹¹⁶

This is a gap in the current arrangements that the Commission considers should be addressed given the critical role played by the Dandenong liquefaction facility. This is particularly the case given the potential for forecast changes in the operation of this facility (including because of operational constraints, ageing infrastructure and/or new investments) to affect the operation or security of the declared transmission system. It is important therefore that AEMO be able to consider these matters as part of its planning function.

BOC, as the Dandenong liquefaction facility operator, will therefore be required to report a range of forecast operational and investment information to AEMO on an annual basis. Further detail on the implementation timings and transitional arrangements that will apply to this new obligation is provided in section 4.3.

Addressing this gap will ensure AEMO has access to the information it requires to efficiently and effectively perform its planning function. It will also mean that AEMO can signal any potential threats that may be associated with this facility to the market through the Victorian Gas Planning Report in a timely manner. This will, in turn, enable market participants to make informed and efficient decisions about how to respond to any such threats. This aligns with the *safety, security and reliability* and *principles of market efficiency* assessment criteria and will promote the NGO.

4.2.2 The Dandenong liquefaction facility should be subject to the LNG storage disclosure obligations

Box 8: Final determination - Application of DWGM LNG storage disclosure obligations to the Dandenong liquefaction facility

Consistent with the draft rule, our final rule provides for the Dandenong liquefaction facility to be subject to equivalent LNG storage disclosure obligations to the Dandenong storage facility on a permanent basis. This means that the Dandenong liquefaction facility operator will be required to report to AEMO in a timely manner on all matters or circumstances relating to the operation of its

¹¹² Rule change request, p. 18.

¹¹³ Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1; APGA, p. 3.

¹¹⁴ BOC, submission to the draft determination, p. 2.

¹¹⁵ NGR rule 324.

¹¹⁶ The term ‘DWGM facility operator’ is currently defined in rule 200 as a declared transmission system service provider, an interconnected transmission pipeline service provider, a producer, a storage provider and a blend processing provider. The terms producer, storage provider and blend processing provider are defined in rule 200 as persons who either inject gas into, or whose facilities are connected to, the declared transmission system.

facility that may affect refilling of the storage facility, or AEMO's ability to schedule LNG injection bids or use the LNG reserve.

The Commission's final rule addresses the identified limitations in the existing LNG storage disclosure obligations. That is, by requiring the Dandenong liquefaction facility operator to be subject to the same reporting obligations as the Dandenong LNG storage facility operator on a permanent basis¹¹⁷ and removing the current contractual restriction on reporting.¹¹⁸ This final determination is consistent with both our draft determination and the rule change request.¹¹⁹ It was also supported by those stakeholders that responded to this aspect of the draft determination.¹²⁰ Like the participant disclosure obligations, BOC stated that it was "not opposed in principle" to being subject to these reporting obligations and that it expected to be able to recover its compliance costs from the market.¹²¹ As noted in section 4.2.1, the pass through of these costs will depend on commercial arrangements outside the scope of the rules. Section 3.5 provides further detail on the implementation timings and transitional arrangements that will apply to this new obligation.

The LNG storage disclosure obligations in Part 19 of the NGR currently require the Dandenong storage facility operator to keep AEMO informed in a timely manner of matters or circumstances that may affect its ability to schedule LNG injection bids or use its LNG reserve, subject to the terms and conditions of a declared LNG supply agreement (where relevant).¹²² The Commission has identified two limitations with these existing arrangements:

- **Non-application to the Dandenong liquefaction facility operator.** This means that AEMO does not currently have visibility of all the matters or circumstances that may affect the refilling of the LNG storage facility and its ability to schedule LNG injection bids and use the LNG reserve.¹²³
- **The obligation to provide AEMO with information is currently subject to the terms of the declared LNG supply agreement.** This means that AEMO may not be informed of **all** the matters or circumstances that could affect the operation of the Dandenong liquefaction and storage facilities. The rationale for this restriction is unclear given the information is reported to AEMO on a confidential basis. It is also at odds with other disclosure obligations in Parts 18 and 19 of the NGR (i.e. the Bulletin Board and DWGM provisions), which are not subject to this type of contractual restriction on when information can be reported to AEMO.

As the rule change proponent noted, these limitations could impede AEMO's ability to perform its declared system functions.¹²⁴ It could also result in AEMO making inefficient decisions made about the refilling of the Dandenong storage facility, the scheduling of LNG injection bids and/or the use of its LNG reserve to address threats to system security. For example, if the Dandenong liquefaction facility experienced a significant unplanned outage that AEMO was not advised of, and which coincided with a threat to system security, it could also result in AEMO making inefficient decisions about the use of the LNG reserve to manage such threats. This is because if

117 The need for AEMO to have the visibility provided by this rule is not related to its buyer and supplier of last resort function. Rather, it is related to its market operator function. The final rule therefore provides for this obligation to apply on a permanent basis.

118 Rule 280 of the final rule.

119 Rule change request, pp. 19 and 43.

120 Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1; APGA, p. 3.

121 BOC, submission to the draft determination, p. 2.

122 NGR, rule 280.

123 Rule change request, p. 34.

124 Rule change request, p. 34.

the outage is expected to limit the ability to refill the Dandenong storage facility for a prolonged period, it may be more efficient for AEMO to use other tools (e.g. directions) to manage the threat and to conserve the LNG reserve for larger threats. Addressing these limitations in the current LNG storage disclosure obligations will therefore ensure AEMO has access to the information it requires to efficiently and effectively perform its declared system functions. This aligns with both the *safety, security and reliability* and *principles of market efficiency* assessment criteria and will promote the NGO.

4.2.3 The Dandenong liquefaction facility should be subject to equivalent maintenance obligations as other DWGM facility operators

Box 9: Final determination - Application of maintenance reporting and coordination obligations to the Dandenong liquefaction facility

Consistent with the draft rule, our final rule provides for the Dandenong liquefaction facility to be subject to equivalent maintenance reporting and coordination obligations as other DWGM facility operators on a permanent basis. This means that the Dandenong liquefaction facility operator will be required to:

- provide AEMO with its maintenance forecasts
- comply with the DWGM facility operator maintenance obligations.

The Commission's final determination addresses the gap in the current maintenance arrangements in Part 19 of the NGR. That is, by requiring the Dandenong liquefaction facility to be subject to the same maintenance reporting and coordination obligations as other DWGM facility operators on a permanent basis.¹²⁵¹²⁶

Our final determination on this issue is consistent with our draft determination. It is also consistent with the rule change request, which noted the importance of AEMO being able to coordinate maintenance to mitigate the risk of maintenance overlapping, or otherwise putting system reliability and security at risk.¹²⁷ It was also supported by those stakeholders that responded to this aspect of the draft determination.¹²⁸ Like the participant and storage disclosure obligations, BOC stated that it was "not opposed in principle" to being subject to these obligations. BOC did, however, note that the rule would only provide "visibility on maintenance rather than proactively improving the plant reliability and responsiveness" and that "liquefaction availability is still subject to the current commercial arrangement".¹²⁹ While BOC is right that the maintenance obligations are not intended to try and improve plant reliability or responsiveness, they do go beyond just providing visibility of when maintenance is being conducted. This is because AEMO can direct facility operators that are subject to these provisions to cancel, delay or suspend maintenance if it considers the facility operator is conducting maintenance in a way that does not minimise threats to system security..¹³⁰ That said, the maintenance provisions largely leave it up

¹²⁵ The maintenance reporting and coordination obligations are not related to AEMO's Dandenong buyer and supplier of last resort function. Rather, they are related to AEMO's maintenance coordination function. Noting the ongoing threat that uncoordinated maintenance of this facility could pose to system security in the DWGM, the need for AEMO to be able to coordinate this maintenance is not expected to cease at the end of the buyer and supplier of last resort function. The final rule therefore provides for this obligation to apply on a permanent basis.

¹²⁶ Rule 324B of the final rule.

¹²⁷ Rule change request, p. 35.

¹²⁸ Stakeholder submissions to the draft determination: St Vincent de Paul Society, p. 1; EUAA, p. 1; APGA, p. 3.

¹²⁹ BOC, submission to the draft determination, p. 2.

¹³⁰ NGR rule 326(5) .

to facility operators to determine when forecast maintenance will occur, with AEMO only stepping in if it believes the proposed maintenance will threaten system security.¹³¹ If this occurs, then AEMO must notify the facility operator who must then co-operate with AEMO in good faith to minimise any threat to system security. AEMO can then only direct a facility operator to cancel, delay or suspend any maintenance if in its reasonable opinion the:

- facility operator is conducting or proposing to conduct maintenance in a way that does not minimise threats to system security
- equipment will not be materially damaged by deferring that maintenance.¹³²

In the Commission's view, these provisions strike an appropriate balance between providing facility operators sufficient flexibility to operate their facilities, while minimising threats to system security that could have broader reaching implications for the Declared Transmission System and Victorian consumers more generally. Section 4.3 provides further detail on the implementation timings and transitional arrangements that will apply to this new obligation.

The gap in the current maintenance arrangements has arisen because the Dandenong liquefaction facility is not considered a DWGM facility operator for the purposes of Part 19 of the NGR. It is not therefore subject to the maintenance reporting or coordination obligations set out in Part 19 of the NGR, which could pose a threat to system security in the DWGM. It is, for example, possible under the current arrangements that the Dandenong liquefaction facility could be taken offline for a prolonged period of time in the lead up to winter for non-critical maintenance that could be deferred until later in the year. If this were to occur, it could impede the efficient operation and use of both the Dandenong liquefaction and storage facilities and pose a threat to system security over the winter period. That is, by limiting the amount of LNG that market participants and AEMO could place into the Dandenong storage facility ahead of winter to address any threats that may emerge over the winter period. To address this gap, the final rule provides for the Dandenong liquefaction facility operator to:¹³³

- provide AEMO with its maintenance forecasts on an annual and week-ahead basis¹³⁴
- comply with the NGR maintenance coordination obligations, including the obligations to:¹³⁵
 - act in accordance with maintenance forecasts provided to AEMO, unless the forecasts are updated in accordance with AEMO's maintenance planning procedures more than 5 days before the maintenance is due to commence, or consent is obtained from AEMO
 - co-operate with AEMO in good faith to minimise maintenance related system security threats that in AEMO's reasonable opinion would be likely to result from that proposed maintenance
 - advise AEMO if equipment breaks down or is likely to break down and the breakdown threatens or could threaten system security and co-operate with AEMO in good faith to minimise the threat
 - comply with a direction from AEMO to cancel, delay or suspend maintenance.

This aligns with both the *safety, security and reliability* and *principles of market efficiency* assessment criteria and will promote the NGR, because it will enable AEMO to:

¹³¹ NGR, rules 324(4), 326(1), 326(4) and 326(5).

¹³² NGR, rule 326(5).

¹³³ Rule 324B of the final Rule.

¹³⁴ NGR, rule 324(4).

¹³⁵ NGR, rule 326.

- take action where the maintenance of the Dandenong liquefaction facility poses a threat to system security
- where required, more efficiently coordinate maintenance across the Dandenong liquefaction and storage facilities, and other DWGM facilities.

4.2.4 AEMO's consent to changes to the Dandenong LNG supply agreement is not required

Box 10: Final determination - The rules should not require AEMO's consent to changes to the declared LNG supply agreement

Consistent with the draft rule, our final rule does not require AEMO's consent to be obtained before the declared LNG supply agreement can be varied or terminated.

The other disclosure obligations provided for by the final determination should mean that AEMO is informed in a timely manner of changes to the operation of this facility that may affect the use of the Dandenong liquefaction or storage facilities. This information should be sufficient for AEMO to efficiently and effectively perform its functions.

The final rule does not require AEMO's consent to be obtained before the declared LNG supply agreement can be varied or terminated, because we do not consider it necessary for the performance of AEMO's declared system functions. Our final determination on this issue is the same as our draft determination. No stakeholders responded to this specific aspect of the draft determination.

The rule change request suggested that the Commission consider reintroducing this requirement, which was removed from the rules in 2010, to provide AEMO greater oversight of the declared LNG supply agreement and changes to that agreement.¹³⁶ While the Commission understands the desire for AEMO to be informed of changes to the declared LNG supply agreement that may affect the use of the Dandenong storage facility, the rule that was removed in 2010 goes beyond this. That is, by preventing the LNG storage provider from terminating or varying the agreement without AEMO's consent (whose consent could not be unreasonably withheld or delayed). In the Commission's view this level of control by AEMO over a commercial agreement between the Dandenong liquefaction and storage facility operators is unnecessary for the performance of AEMO's functions, particularly given the other disclosure obligations outlined above.¹³⁷ AEMO made a similar observation in its submission to the consultation paper, noting that this level of contractual oversight was unnecessary if it had access to the operational information provided by the other disclosure obligations.¹³⁸

4.3 Implementation and transitional arrangements for the new transparency and oversight measures

¹³⁶ Rule change request, p. 34.

¹³⁷ The extension of rule 280 to the Dandenong liquefaction facility, for instance, would mean AEMO is informed of any matters or circumstances that may affect the refilling of the Dandenong storage facility, or AEMO's ability to schedule LNG injection bids or use the LNG reserve. The matters or circumstances could include changes to, or the termination of, the declared LNG supply agreement that affect the refilling or use of the Dandenong storage facility. Together with the extension of the Gas Bulletin Board and participant disclosure obligations, AEMO should have access to the information it requires to efficiently and effectively perform its declared system functions.

¹³⁸ AEMO, submission to the consultation paper, p. 3.

Box 11: Final determination - The reporting and maintenance obligations will come into effect on 1 April 2026

Consistent with our draft rule, the final rule provides for:

- the proposed changes to Parts 18-19 of the NGR described in this chapter to come into effect on 1 April 2026 and AEMO to have made any required changes to procedures by this date
- the Dandenong liquefaction operator to:
 - register with AEMO as the responsible facility operator and reporting entity for the purposes of the Gas Bulletin Board by 30 January 2026
 - start complying with its new reporting and maintenance related obligations under Parts 18-19 of the NGR from 1 April 2026

This means that the Dandenong liquefaction facility and AEMO will have around 5 months to undertake the preparatory actions required for the Dandenong liquefaction facility to start complying with the new obligations.

Before the Dandenong liquefaction facility operator can start complying with the new reporting and maintenance obligations set out in the final rule, it will need to put in place the relevant processes and systems. It will also need to register as the Gas Bulletin Board reporting entity for this facility. AEMO will also need to process the registration and may also need to make minor modifications to its procedures and systems.¹³⁹ No feedback was provided by stakeholders on this timing. It is therefore unchanged from the draft determination.

To provide sufficient time for these preparatory actions to be taken, the final transitional provisions provides for:¹⁴⁰

- BOC to apply to AEMO to register as the Gas Bulletin Board reporting entity for the Dandenong liquefaction facility by 30 January 2026
- the Dandenong liquefaction facility operator's obligation to comply with the new reporting and maintenance obligations in Parts 18-19 of the NGR to commence on 1 April 2026
- AEMO to have made any required changes to the Wholesale Market Procedures and/or Gas Bulletin Board Procedures by 1 April 2026.

This timing is intended to strike an appropriate balance between providing:

- the Dandenong liquefaction facility operator and AEMO time to put in place the necessary arrangements, and
- AEMO and market participants with better information about the operation and maintenance of the Dandenong liquefaction facility, including any potential constraints on refilling in the lead up to winter 2026.

This aligns with the *implementation considerations* assessment criterion and will promote the NGO

¹³⁹ For example, section 2.2 of the Wholesale Market Maintenance Planning Procedures may need to be amended to refer to the liquefaction facility in the list of facilities. Importantly, this change is not required prior to the new obligations commencing, because the application of the maintenance obligations is determined through the NGR rather than the Procedures and section 2.2 makes clear the list is not exhaustive.

¹⁴⁰ Rules 115-116 of the final rule.

A Rule making process

A standard rule change request includes the following stages:

- a proponent submits a rule change request
- the Commission initiates the rule change process by publishing a consultation paper and seeking stakeholder feedback
- stakeholders lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant)
 - stakeholders lodge submissions on the final determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

You can find more information on the rule change process on our website.¹⁴¹

A.1 The Minister proposed a rule to extend the interim buyer and supplier of last resort arrangements and provide for greater transparency and oversight of the Dandenong liquefaction facility

The rule change request submitted by the Hon. Lily D'Ambrosio MP, Victorian Minister for Climate Action, Minister for Energy and Resources and Minister for the State Electricity Commission, proposed:

1. a short-term extension of the interim arrangements that empower AEMO to act as the buyer and supplier of last resort for the Dandenong storage facility located in Victoria's DWGM
2. a range of measures to improve transparency and oversight of the Dandenong liquefaction facility so that market participants and AEMO can make more informed and efficient decisions about the use of this facility and AEMO can better perform its declared system functions.

A.2 The proposal identified that a lack of market participant contracting at the Dandenong storage capacity is contributing to reliability and security threats in the DWGM in the short-term

The proponent identified increasing risks to the security and reliability of gas supply in the DWGM, noting AEMO and ACCC forecasts that point to an increasing risk of peak day shortfalls and highlighting the important role that deep and shallow gas storage plays in mitigating the risk of supply shortfalls.

The proponent also notes the general decline in Dandenong storage inventory from 2020, leading AEMO to issue Threats to System Security notices in 2021 and 2022. These notices did not elicit an adequate market response, leading to the establishment of the interim arrangements empowering AEMO to act as the buyer and supplier of last resort in relation to the Dandenong storage facility.

The proponent also noted that the lack of transparency and operational visibility over the Dandenong liquefaction facility. This is problematic because the liquefaction facility plays a critical role in supporting the Dandenong storage facility. The proponent notes that the lack of transparency and operational visibility is increasingly hampering AEMO's ability to adequately fulfil

¹⁴¹ See our website for more information on the rule change process: <https://www.aemc.gov.au/our-work/changing-energy-rules>

its declared system functions, and market participants lack information to make informed decisions about when and how often they can refill Dandenong storage and how carefully they should conserve existing inventory.

A.3 The proposal sought to address this by extending interim arrangements empowering AEMO to act as the buyer and supplier of last resort for the Dandenong storage facility

The proposal sought to address the issue through:

1. A three year extension of the interim arrangements.
2. The inclusion of an arbitration pathway to facilitate AEMO and APA's negotiation of the extension and cover contractual disputes during the term of the extension
3. The extension of Part 18 reporting obligations to the Dandenong liquefaction facility
4. The extension of Part 19 participant disclosure, maintenance reporting and coordination obligations to the Dandenong liquefaction facility
5. Reintroduction of pre-2010 rules providing AEMO with oversight of the Declared LNG Supply Agreement (between APA and BOC) and requiring AEMO's consent to be obtained before this agreement is varied or terminated.

A.4 The process to date

On 1 May 2025, the Commission published a notice advising of the initiation of the rule making process and consultation in respect of the rule change request.¹⁴² The Commission also published a consultation paper identifying specific issues for consultation. Submissions closed on 29 May 2025. The Commission received eight submissions on the consultation paper. Issues raised in these submissions were summarised and responded to in the draft rule determination.

On 7 August 2025, the Commission published a draft rule determination, including a draft rule. Submissions closed on 18 September 2025. The Commission received six submissions on the draft rule determination. Issues raised in submissions are discussed and responded to throughout this final rule determination.

¹⁴² This notice was published under section 303 of the NGL.

B Additional background and context

Figure B.1 below outlines the key elements of the current interim arrangements.

Figure B.1: Key elements of the 2022 rule change

AEMO as buyer of last resort	Procurement of uncontracted storage capacity AEMO must contract any uncontracted LNG storage capacity for winter that is available at the end of 1 March and may contract any additional uncontracted capacity that becomes available after.	Winter target level LNG stock target level is: • The highest level reasonably possible, or • such other level determined by AEMO and approved by the Victorian Minister
	Procurement of gas to fill LNG storage AEMO must purchase gas for storage & vaporisation with objective of achieving and maintaining LNG stock at target level during winter.	
	Relinquishment to other market participants • AEMO may relinquish storage capacity to LNG storage provider if a market participant acquires or proposes to acquire the capacity • AEMO may transfer LNG stock to a market participant if that participant has acquired a right to store the stock in the LNG facility	
AEMO as supplier of last resort	Use of LNG reserve AEMO may use LNG reserve at such times and quantities it considers reasonably necessary, or desirable, to ensure security of the DTS and satisfy operational requirements.	Supplier of last resort principles • AEMO's LNG stock is to ordinarily be scheduled after other market participants • AEMO's injection bids from LNG reserve must be at VoLL (i.e \$800/GJ)
	Procedures The gas scheduling procedures must set out the procedures relating to the use of the LNG reserve, which must give effect to the supplier of last resort principles	
Contractual arrangements	Storage agreement requirements LNG storage agreement must be in place at all times and allow AEMO to: • contract uncontracted LNG storage capacity in periods of relevant year and to the extent AEMO considers necessary or convenient to satisfy its buyer of last resort obligations • relinquish capacity if a market participant acquires or proposes to acquire capacity.	Terms of LNG storage agreement To be on substantially the same terms as AEMO's winter 2022 agreement, except to the extent changes: • are reasonably necessary to: ◦ give effect to changes necessary for the facility's safe and reliable operation ◦ ensure consistency with relevant rules • reflect changes in inflation • give effect to changes of law. LNG storage provider must negotiate in good faith and comply with offer requirements.
	Role of AER: AER could take enforcement action if storage agreement requirements not met.	
Cost recovery	AEMO to be able to recover: • Costs of acquiring LNG storage capacity through Participant Fees • Losses /proceeds from use of LNG reserve through linepack account	
Accountability & transparency	AEMO to publish information on: • the amount of storage capacity it contracts • any storage capacity it relinquishes and any LNG stock transferred	

Source: AEMC, DWGM interim storage measures, Rule determination, 15 December 2022, p.13.

C Legal requirements to make a rule

This appendix sets out the relevant legal requirements under the NGL for the Commission to make a final rule determination.

C.1 Final rule determination and final rule

In accordance with section 311 of the NGL the Commission has made this final rule determination for a more preferable final rule in relation to the rule proposed by the proponent.

The Commission's reasons for making this final rule determination are set out in chapter 2. Its key features are described in chapter 3 and chapter 4.

A copy of the more preferable final rule is attached to and published with this final determination.

C.2 Power to make the rule

The Commission is satisfied that the more preferable final rule falls within the subject matter about which the Commission may make rules.

The more preferable final rule falls within section 74 of the NGL as it relates to regulating:

- the collection, use, disclosure, copying, recording, management and publication of information in relation to the covered gas industry
- AEMO's declared system functions and the operation of a declared wholesale gas market
- the activities of Registered participants, users, end users and other persons in a regulated gas market
- the reliability or adequacy of the supply of covered gas within the East Coast Gas System.

Additionally, the more preferable final rule falls within the matters set out Schedule 1 of the NGL as it relates to:

- Item 59, being AEMO's declared system functions
- Item 60, being AEMO's functions, powers and duties, and the duties and obligations of Registered participants, exempted participants and others, in regard to the operation of a declared transmission system or a regulated gas market
- Item 62, being the regulation of a declared LNG storage provider and liquefied natural gas stored by the provider
- Item 80, being the kinds of information that may or must be given to AEMO, who must give AEMO the information, the circumstances in which the information may or must be given, and the procedure for giving the information.

Under section 296 of the NGL, the Commission may make a rule that is different (including materially different) to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule will or is likely to better contribute to the achievement of the NGO. The Commission is satisfied that the more preferable final rule will or is likely to, better contribute to the achievement of the NGO. The Commission's reasons are set out in chapter 2.

C.3 Commission's considerations

In assessing the rule change request the Commission considered:

- its powers under the NGL to make the final rule

- the rule change request
- submissions received during first and second round consultations
- the Commission's analysis as to the ways in which the final rule will or is likely to contribute to the achievement of the NGO
- the application of the final rule to Western Australia
- whether the final rule is compatible with the proper performance of AEMO's declared system functions.

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change request.¹⁴³

The Commission may only make a rule that has effect with respect to an adoptive jurisdiction if satisfied that the proposed rule is compatible with the proper performance of AEMO's declared system functions.¹⁴⁴ The more preferable final rule is compatible with AEMO's declared system functions. The reasons are set out in chapter 2.

The Commission may only make a rule that affects the allocation of powers, functions and duties between AEMO and a declared service provider for a declared transmission system if AEMO consents to the making of the rule or the rule is requested by the Minister of the relevant jurisdiction.¹⁴⁵ The rule was requested by the Minister of the relevant jurisdiction. See chapter 2 for more detail.

C.4 Making gas rules in Western Australia

Under the *National Gas Access (WA) Act 2009* (WA Gas Act), a modified version of the NGL was adopted, known as the National Gas Access (Western Australia) Law (WA Gas Law). Under the WA Gas Law, the NGR applying in Western Australia is version 1 of the NGR, as amended by rules made by the South Australian Minister for Energy¹⁴⁶ and rules made by the AEMC in accordance with its rule making powers under sections 74 and 313 of the WA Gas Law.¹⁴⁷

The final rule falls within the subject matters about which the Commission may make rules under the WA Gas Act as it relates to rules regulating the collection, use, disclosure, copying, recording, management and publication of information in relation to natural gas services.¹⁴⁸

However, the final rule amends Parts of the NGR, being Parts 18 and 19, that do not apply in the Western Australian version of the NGR.¹⁴⁹ Accordingly, the final rule will not apply in Western Australia.

¹⁴³ Under s. 33 of the NEL and s. 73 of the NGL the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy. On 1 July 2011, the MCE was amalgamated with the Ministerial Council on Mineral and Petroleum Resources. In December 2013, it became known as the Council of Australian Government (COAG) Energy Council. In May 2020, the Energy National Cabinet Reform Committee and the Energy Ministers' Meeting were established to replace the former COAG Energy Council.

¹⁴⁴ Section 295(4) of the NGL.

¹⁴⁵ Section 295(5) of the NGL.

¹⁴⁶ The Statutes Amendment (National Energy Laws) (Binding Rate of Return Instrument) Act 2018 and the National Gas (South Australia (Pipelines Access-Arbitration) Amendment Act 2017.

¹⁴⁷ See our website for further information at <https://www.aemc.gov.au/regulation/energy-rules/national-gas-rules/western-australia>.

¹⁴⁸ Section 74 and Schedule 1 of the WA Gas Law specify the subject matter for rules that can be made by the AEMC in Western Australia.

¹⁴⁹ Section 20A of the WA Gas Law provides that to the extent any provisions of the WA Gas Law relate to the Natural Gas Services Bulletin Board, these provisions do not apply in Western Australia until a day fixed by the Western Australian Minister by an Order published in the WA Government Gazette (which has not yet occurred).

C.5 Civil penalty provisions and conduct provisions

The Commission cannot create new civil penalty provisions or conduct provisions. However, it may recommend to the Victorian Minister for Energy that new or existing provisions of the NGR be classified as civil penalty provisions or conduct provisions under the *National Gas (Victoria) (Declared System Provisions) Regulations*.

The more preferable final rule amends rule 280(1) of the NGR. This rule is currently classified as a conduct provision under clause 4 and Schedule 2 of the *National Gas (Victoria) (Declared System Provisions) Regulations*. The Commission considers that this amended rule should be re-classified as a civil penalty provision and if that is done, should cease to be classified as a conduct provision.

The more preferable final rule inserts new rule 280(2) into the NGR. The Commission considers there is merit in classifying this as a civil penalty provision. This is because compliance with rule 280(1) and new rule 280(2) is necessary to ensure AEMO's ability to make efficient decisions about the operation and security of the declared transmission system.

The AER and Victorian Department of Energy, Environment and Climate Action have indicated they support these recommendations.

Table C.1: New civil penalty provision recommendation

Rule	Description of rule	Reason
Rule 280 (comprising of existing rule 280(1) and new rule 280(2))	The rule requires an LNG Storage Provider and declared LNG supplier to keep AEMO informed in a timely manner of all matters or circumstances relating to the operation of its LNG storage facility that may affect the ability of AEMO to schedule LNG injection bids or use the LNG reserve.	Compliance with this rule is necessary to ensure AEMO's ability to perform its declared system functions, in particular with respect to controlling the operation and security

Table C.2: Deleted conduct provision recommendation

Rule	Description of rule	Reason
Existing rule 280(1)	This subrule requires an LNG Storage Provider to keep AEMO informed in a timely manner of all matters or circumstances relating to the operation of its LNG storage facility that may affect the ability of AEMO to schedule LNG injection bids or use the LNG reserve.	Compliance with this rule is necessary to ensure AEMO's ability to perform its declared system functions, in particular with respect to controlling the operation and security of the declared transmission system efficiently. A breach of this rule involves failure to comply with general reporting obligations. Therefore, it is more appropriately classified as a

Rule	Description of rule	Reason
		civil penalty provision than a conduct provision.

Abbreviations and defined terms

ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
Commission	See AEMC
Declared LNG storage provider	APA
Declared LNG supplier	BOC
Declared LNG supply agreement	The agreement between BOC and APA dated 17 May 1995 relating to LNG supply for storage, and amendments or variations to the agreement
DLNG	Dandenong LNG
DWGM	Declared Wholesale Gas Market
ECGS	East Coast Gas System
LNG	Liquefied natural gas
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
Proponent	The individual / organisation who submitted the rule change request to the Commission
RSA	Reliability and supply adequacy
SoLR	Supplier of Last Resort
VoLL	Value of Lost Load