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Australian Energy Market Commission

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Draft Rule Determination – AEMC ECGS Enhancing RSA arrangements

AGL Energy welcomes the opportunity to provide this submission in response to the AEMC's draft determination on the ECGS Enhancing reliability and supply adequacy arrangements rule change.

AGL supports the direction taken in the draft determination. In our view, the AEMC has appropriately refined the original proposal and adopted a more proportionate and practical package of reforms to improve reliability and supply adequacy outcomes in the east coast gas system. This approach is consistent with the concerns and recommendations set out in our earlier submissions.

Key points

AGL:

- Supports the AEMC's decision not to introduce an ECGS reliability standard
 - This is consistent with AGL's earlier submissions
 - We agree a formal standard is not necessary or proportionate for the ECGS
- Supports the AEMC's decision not to proceed with a value of gas customer reliability
 - As noted in our earlier submission, there would be practical challenges in developing a robust and meaningful VGCR across the east coast gas system
- Broadly supports the proposed risk or threat signalling framework
 - A more objective and transparent framework should improve market understanding of emerging risks
 - It should also support more timely and proportionate market responses
- Broadly supports:
 - the proposed approach to reviewing DWGM and STTM market settings
 - the proposed enhancements to the GSOO and VGPR

Support for the AEMC's decision not to introduce a reliability standard or a value of gas customer reliability

AGL supports the AEMC's decision not to introduce an ECGS reliability standard.

In our earlier consultation submission, we noted that the proposed dual standard, based on unserved gas and peak day deliverability, may not fully capture the range of reliability risks that can arise in the east coast gas system. In particular, we raised concerns that this form of standard may miss reliability issues that occur over periods longer than a day but shorter than a year, or in conditions that do not coincide with an annual peak day. We therefore questioned whether the proposed standard would provide a sufficiently useful or complete basis for the wider reforms.

We continue to hold that view. The east coast gas system is operationally and geographically diverse, and reliability challenges can arise in ways that are not well represented by a single formal standard. For that reason, AGL supports the AEMC's conclusion that introducing a reliability standard would not be the most effective or appropriate way to improve reliability and supply adequacy outcomes in the ECGS.

AGL also supports the AEMC's decision not to proceed with a value of gas customer reliability.

As set out in our April 2025 submission, we were concerned that a value of gas customer reliability would be difficult to design in a way that adequately captures differences across jurisdictions, customer classes, seasons and types of gas use. A single framework of this kind risks producing averages that do not reflect the actual value customers place on reliability in particular circumstances, and may therefore lead to inefficient outcomes if it is used to inform regulatory settings.

In our view, the AEMC's draft determination appropriately recognises these limitations. We agree that the better course is to focus on clearer risk signalling, better governance for market settings reviews, and improvements to the information available through existing planning and adequacy reports.

Support for the proposed risk or threat notifications

AGL broadly supports the introduction of a more objective and transparent risk or threat signalling framework.

We agree with the AEMC that improving the way AEMO assesses, classifies and communicates emerging risks or threats will help market participants respond more efficiently and proportionately. In our September 2025 submission, we supported the introduction of risk tiers and probability metrics on the basis that this would improve transparency and the quality of market responses. We remain of that view.

A more graduated signalling framework should provide the market with earlier and clearer information on the severity, timing and location of potential shortfalls. This should strengthen the ability of participants to respond through normal market mechanisms and reduce the likelihood that more intrusive interventions are required.

AGL also supports the AEMC's intention that this framework be principles based and implemented in a way that allows AEMO sufficient operational flexibility. At the same time, the effectiveness of the framework will depend on clear consultation on the criteria and thresholds that sit beneath it. In our earlier submission, we noted that terminology should focus on the level of risk, rather than imply a particular time dimension, and that the framework should promote clarity for participants. We continue to consider that this would assist implementation.

Support for the proposed approach to reviewing DWGM and STTM market settings

AGL supports the proposed governance arrangements for the review of DWGM and STTM market settings, including the establishment of the Gas Reliability Committee and the AEMC retaining final decision making authority.

In our earlier submissions, we stressed that changes to facilitated market settings should be approached with care, given the important but specific role these markets play and the need to avoid unintended effects on contracting, investment and broader market behaviour. We also supported stronger governance arrangements involving expert representation across the gas supply chain, including end users and customers. The draft determination moves in that direction, and we broadly support it.

AGL agrees with the AEMC that the DWGM and STTM market settings should be reviewed through a consistent and coordinated process that reflects the increasingly integrated nature of the east coast gas system. Reviewing these settings through a common governance framework should improve transparency, reduce fragmentation and support more coherent outcomes.

We also support the AEMC retaining final decision making responsibility. In our view, this supports accountability and helps ensure that the review process remains anchored in the National Gas Objective and broader regulatory principles, while still drawing on the expertise of industry, consumer representatives and AEMO through the Gas Reliability Committee.

More generally, AGL considers that the review framework should remain focused on ensuring market settings remain fit for purpose, rather than using those reviews to pursue a broader reliability standard framework or to indirectly substitute for other policy tools. In that respect, the AEMC's revised approach is preferable to the original proposal.

Support for minor changes to the GSOO and VGPR

AGL broadly supports the proposed enhancements to AEMO's GSOO and VGPR.

We agree with the draft rule's focus on improving the information available to the market on the likelihood of forecast shortfalls and, where reasonably practicable, providing more granular regional assessments of gas supply adequacy. Better information of this kind should support more informed planning, contracting and investment decisions across the east coast gas system.

We also support the proposal for AEMO to consult on and publish its gas supply adequacy assessment methodology. This should improve transparency and stakeholder confidence in AEMO's forecasts, while avoiding unnecessary regulatory burden.

Importantly, AGL supports the AEMC's choice not to require a separate system resilience assessment in the GSOO and VGPR. We consider that the more targeted changes in the draft rule are more proportionate and more likely to be implemented effectively within the required timeframe.

Conclusion

AGL supports the overall direction of the draft determination.

The AEMC has, in our view, reached a more workable and proportionate position than the original proposal. We support the decision not to introduce an ECGS reliability standard or a value of gas customer reliability, and we broadly support the key reforms in the more preferable draft rule, including:

- the introduction of clearer and more objective risk or threat notifications
- the proposed governance framework for reviewing DWGM and STTM market settings
- the targeted improvements to the GSOO and VGPR

These reforms should improve transparency, support timely market led responses, and strengthen the overall reliability and supply adequacy framework for the ECGS without introducing unnecessary complexity or cost.

If you have any questions about this submission, please contact Warren Vosper on wvosper@agl.com.au.

Yours sincerely,

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