APA

Australia's energy infrastructure partner

AEMC Enhancing Reliability and Supply Adequacy Arrangements Draft Determination

APA Submission

9 April 2026

APA Group
APA Group Limited
ACN 091 344 704
Level 10, 121 Castlereagh Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225

P:+61 2 9693 0000
F:+61 2 9693 0093
apa.com.au

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

9 April 2026

RE: APA Submission to the AEMC's Enhancing Reliability and Supply Adequacy Arrangements Draft Determination (GRC0076)

Dear Ms Collyer,

Thank you for the opportunity to comment on the AEMC's Enhancing Reliability and Supply Adequacy Arrangements Draft Determination (Draft Determination).

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. Through a diverse portfolio of assets, we provide energy to customers in every state and territory. As one of Australia's leading energy infrastructure companies, we are keenly interested in policy processes that impact future gas supply and infrastructure development.

Gas infrastructure operators have a strong track record of delivering the necessary infrastructure to ensure customers have sufficient gas in the locations they need it. Market Participants already work with AEMO to resolve issues and resolve potential gas shortfalls across the East Coast Gas System (ECGS).

Our submission below provides views on various aspects of the draft amendments to the reliability and supply adequacy framework. The proposed threat signalling mechanism must support market led solutions and ensure that the proposed Supplier of Last Resort (SoLR) mechanism does not 'crowd out' private sector investment.

We look forward to continuing our engagement with the AEMC about these important reforms. If you have any questions about our submission, please contact John Skinner on 0435 898 022 or john.skinner2@apa.com.au.

Regards,

Natalie Lindsay
General Manager, Regulation and External Policy

APA Group
APA Group Limited
ACN 091 344 704
Level 10, 121 Castlereagh Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225

P:+61 2 9693 0000
F:+61 2 9693 0093
apa.com.au

1. Submission

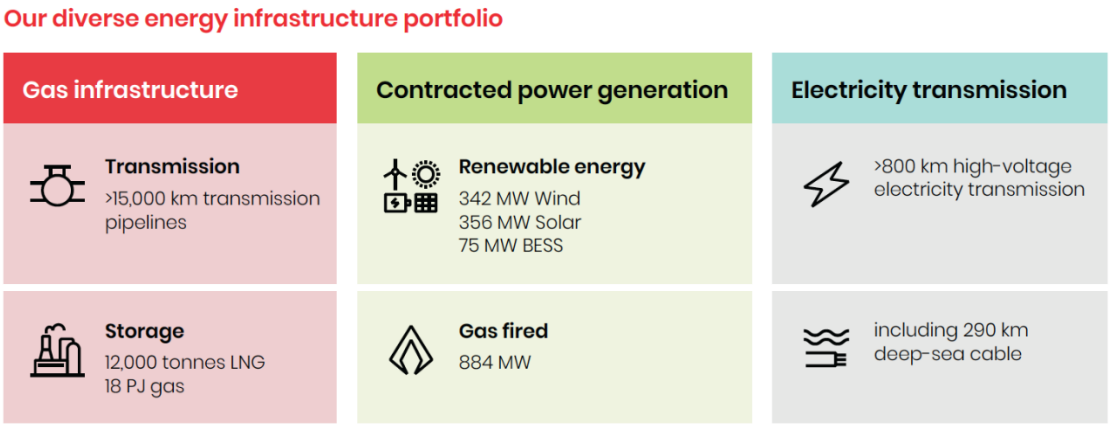
Key Points

- Under the contract carriage model, short and long-term contracts support the operation of the market and the efficient expansion of transmission pipelines and other infrastructure.
- The proposed threat signalling mechanism must support market led solutions and ensure that the SoLR is a 'last resort' and does not 'crowd out' private sector investment.
- Rather than 'as soon as reasonably practicable', industry escalation notices should be published within a defined period, say 10 business days, after publishing a tier 3 risk or threat notice. This will improve the likelihood of a timely response from industry.
- We support the position to not establish a formal gas reliability standard for the ECGS.

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

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

Figure 1: APA's portfolio



Our 15,000 kilometres of gas transmission pipelines connect sources of supply and markets across mainland Australia, bringing the benefits of natural gas to 1.5 million Australian homes and businesses. We also own or have interests in gas storage facilities and gas-powered generation (GPG).

We operate and have interests in 773 MW of renewable generation and battery storage infrastructure, while our high voltage electricity transmission assets connect Victoria with South Australia, New South Wales with Queensland, and Tasmania with Victoria.

APA
Australia's energy infrastructure partner

APA Group
APA Group Limited
ACN 091 344 704
Level 10, 121 Castlereagh Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225

P:+61 2 9693 0000
F:+61 2 9693 0093
apa.com.au

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

With our extensive portfolio of assets and expertise across gas, electricity and renewables, APA is well-placed to support the energy transition towards net zero.

1.2. Maintaining market-based fundamentals

Private sector investment has underpinned Australia's gas market. Gas infrastructure operators have a strong track record of delivering the necessary infrastructure to ensure customers have sufficient gas in the locations they need it.

An advantage of pipeline infrastructure is that it can be readily expanded via compression, and later looping, with the use of existing easements and other supporting pipeline infrastructure. This is generally more cost effective than building a new pipeline and has far less delivery and investment risk.

This means that the incremental expansion of the East Coast Gas Grid (ECGG) and Victorian Transmission System is the most efficient solution to transport more gas from northern supply sources to southern markets.

Under a contract carriage model, short and long-term bilateral contracts with market participants support the operation of the market and the efficient expansion of transmission pipelines and other infrastructure when needed. AEMO's Gas Statement of Opportunities (GSOO) plays an important role in identifying gas shortfalls and acting as an investment signalling mechanism.

Final Investment Decisions (FID) on major new or expanded gas developments are very challenging to progress without confidence that the policy and regulatory environment is stable, consistent and supportive of long-term investment. The announcement of a domestic reservation scheme in December 2025 has helped improve the investment environment for long term gas infrastructure by supporting the supply of sufficient quantities of gas to justify new infrastructure investment.

In February 2026, we announced progression of Stage 3 of our ECGG Expansion Plan, which is expected to add approximately 30% additional transport capacity and address projected southern market gas shortfalls from 2028.

When Stage 3 is completed, we will have added more than 50% capacity to the ECGG over the past 5 years, having already increased capacity by approximately 25% via Stages 1 and 2.[1]

The Stage 3 expansion includes:

- FID on Stage 3A (ECGG 3A), with investment of $260 million to increase north to south capacity, supplying essential Australian gas to southern markets for winter 2028; and
- $220 million investment for Stage 3B (ECGG 3B) to enable continued early works and procurement of long lead items for the Bulloo Interlink, including purchase of

[1] APA announced stages 1 and 2 of the ECGG expansion in May 2021, and these two compression projects were completed in mid 2023 and mid 2024 respectively. Stage 3A has reached FID, Stage 3B remains subject to final board approval.

APA
Australia's energy infrastructure partner

APA Group
APA Group Limited
ACN 091 344 704
Level 10, 121 Castlereagh Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225

P:+61 2 9693 0000
F:+61 2 9693 0093
apa.com.au

342km of line pipe and further pre-FID works to deliver additional capacity beyond winter 2028. FID will be subject to certain considerations, including policy and regulatory settings, progress with the Federal Government's Gas Market Review and final Board approval.[2]

The staged ECGG expansion plan is designed to minimise costs for customers by anticipating demand with a fit for purpose and responsive solution. The success of this approach is evidenced by strong contracting for earlier pipeline expansions already delivered.

Analysis undertaken by APA provides confidence that domestic gas delivered from northern supply sources can be delivered into southern markets at a cost, inclusive of transport, materially below the cost of imported LNG.

1.3. The threat signalling mechanism must ensure any market intervention is a 'last resort'.

In the National Electricity Market (NEM), AEMO uses Lack of Reserve conditions to communicate the extent of threats to the electricity market. We agree that a threat signalling mechanism for the ECGM will support the objective assessment of risk and send market signals about potential supply shortfalls. A tiered threat signalling mechanism, developed in consultation with industry, will provide a familiar framework.

As we will outline in our SoLR submission, due 23 April 2026, market participants already work with AEMO to resolve issues and potential shortfalls across the ECGS. For example, in mid-July 2021, following an unexpected outage at Longford, the flexibility provided by the ECGG enabled more gas to move from the north to the south. Similarly, in February 2024 following the tripping of the Loy Yang A power station, the ECGG enabled more gas to move into Victoria, supporting gas powered generation.

If AEMO, rather than the market, becomes responsible for directing market outcomes, the risk of customers bearing inefficient costs increases dramatically. Customers may under contract if they think that AEMO will intervene to fix any shortfalls. For this reason, any threat signalling mechanism must support market led solutions and ensure that the SoLR is a 'last resort' and does not 'crowd out' private sector investment.

The proposed risk signalling process includes a tier 3 risk notice, followed by an escalation notice. These notices are set out in sections 695 and 696A of the draft rules respectively. Currently, both sections require AEMO to publish notices as soon as 'reasonably practicable', rather than defining a set timeframe. The lack of a timeframe would create uncertainty for industry and potentially hinder an efficient response to resolving reliability threats.

Recommendation

To ensure the threat signalling mechanism better supports an efficient response from industry, we recommend that:

- AEMO be required to publish an escalation notice within a defined period, say 10 business days, rather than 'as soon as reasonably practicable', after publishing a tier 3 risk or threat notice.

[2] APA to deliver pipeline capacity needed to solve projected east coast gas shortfalls, 19 February 2026

APA
Australia's energy infrastructure partner

APA Group
APA Group Limited
ACN 091 344 704
Level 10, 121 Castlereagh Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225

P:+61 2 9693 0000
F:+61 2 9693 0093
apa.com.au

- Similarly, if AEMO revises its estimate of the latest practicable time for an industry response, we recommend that AEMO be required to publish this notice within a defined period, say 5 business days.

1.4. Probabilistic approach to threat signalling

Gas infrastructure is very reliable. Unlike the NEM, the ECGS has significant inherent linepack storage. While there could be a large reliability impact from a single contingency outage, the probability of such an event occurring is very low and the time for a market response is much longer than in the NEM. For this reason, we support the approach of using both 'likelihood' and 'severity' to classify a risk or threat.

The use of probabilistic approaches to assessing risk and issuing threat notices is also appropriate. Probabilistic approaches will ensure more efficient outcomes for consumers and increase the likelihood of market participants responding to potential risks in a timely and proportional manner. As outlined in Section 1.3 above, market participants already work with AEMO to resolve potential shortfalls across the ECGS.

However, we agree with concerns outlined in the Draft Determination that the design of the tiered threat signalling system will be very important to ensure it provides the market with the information and time it needs to resolve potential shortfalls. AEMO will need to undertake a rigorous consultation process, in consultation with industry, on the required changes to the East Coast Gas Procedures.

1.5. Draft decision on a gas reliability standard

We support the AEMC's decision to not establish a formal gas reliability standard for the ECGS. As well as being very complex and costly to implement, a formal gas reliability standard is likely to be inappropriate in a contract carriage investment environment.

Across the ECGS (outside the Victorian Declared Transmission System), shippers already choose their desired level of reliability through bilateral contracts with service providers. As the Draft Determination outlined, reliability standard for the ECGS risks degrading firm services by making them less firm or elevating non-firm services and effectively giving a free ride to those who have chosen not to invest in infrastructure.[3]

1.6. Gas Reliability Committee (GRC)

Transparency and strong governance arrangements are essential in updating the market settings. We support the proposal to establish the GRC every four years to undertake the market settings review. Establishing the GRC every four years, rather than as a permanent body, will help reduce the cost of updating the market price settings.

Transparency of the process, especially the selection of the panel members is essential. This will provide industry with confidence that the process is robust.

Recommendation

To ensure that industry has confidence in the GRC and the outcome of the market settings review, we recommend the following amendments to the draft rules:

[3] AEMC, *ECGS Enhancing RSA arrangements,* 26 February 2026, p4

APA
Australia's energy infrastructure partner

APA Group
APA Group Limited
ACN 091 344 704
Level 10, 121 Castlereagh Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225

P:+61 2 9693 0000
F:+61 2 9693 0093
apa.com.au

- the GRC should have a minimum of four, and a maximum of six, industry participants appointed by AEMO. The draft rules currently require a minimum of one industry participant (draft s.140D).
- there should be a transparent recruitment process when selecting the industry participants, including a formal Expression of Interest (EoI) process.
- industry should have the opportunity to comment on the market settings review Terms of Reference before it is finalised by AEMO (draft s.140H).

We support the position in the Draft Determination to not include Willingness to Pay in the rules as one of the factors that the GRC must consider when undertaking the market settings review.

We also support the proposal to conduct a 'light touch' review of the market settings by 30 October 2026.

1.7. Updates to the Gas Statement of Opportunities (GSOO)

We agree that AEMO should consider disaggregating the EGCS into 'regions' for the purpose of the regional supply adequacy assessments in the GSOO. This would provide AEMO with greater scope for signalling location specific shortfalls.

However, as outlined in the Draft Determination, disaggregating into regions must only be undertaken if doing so does not disclose confidential information. For this reason, the identification of 'regions' will require careful consideration as part of the development of the updated East Coast Gas System Procedures.

We agree with the position in the Draft Determination that an explicit assessment of risks to system resilience should not be introduced. There is a risk that a system resilience assessment could send inappropriate signals about the need for investment, which could be very costly for consumers in the long run.