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Australian Energy Market Commission  
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## ECGS Enhancing Reliability and Supply Adequacy Arrangements – February 2026

EnergyAustralia is one of Australia's largest energy companies with around 2.2 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

EnergyAustralia appreciates the opportunity to comment on the draft rule determination and draft rule for ECGS Enhancing Reliability and Supply Adequacy Arrangements.

The direction taken by the AEMC is appropriate. We support the draft decision not to introduce an ECGS-wide reliability standard, the introduction of a tiered probabilistic risk or threat signalling framework, the establishment of a Gas Reliability Committee (GRC) for concurrent DWGM and STTM market settings reviews, and enhancements to the GSOO and VGPR. Together, they represent a proportionate and principles-based approach to managing the evolving gas reliability and supply adequacy challenges in the.

Our comments focus on the draft rule where further clarity would strengthen the framework's effectiveness, align the policy intent and improve predictability for market participants.

### Industry response window and adequacy

The draft rule requires AEMO to publish an estimate of the "*latest practicable time*" for an adequate industry response before considering the exercise of its direction or trading functions. We support this mechanism as it is central to the framework's objective of promoting market-led responses and improving predictability of AEMO's actions.

Rule 696A(6) requires the risk or threat assessment procedures to address the matters AEMO **may** take into account in making this estimate. We consider it is important for AEMO to have flexibility in setting the factors considered in the assessment. However, without clear escalation frameworks and early disclosure of emerging risks embedded in the procedures, the window could be set too short for meaningful market responses. This would defeat the purpose of the mechanism. There could be an unintended consequence

of reducing the mechanism to a procedural step rather than a genuine opportunity for the market to act.

The final rules could consider amendments to include the matters that **must** be taken into account at a minimum. The ECGS operates predominantly through bilateral contracts. Meaningful commercial responses to a forecast shortfall such as adjusting storage injection or withdrawal plans, procuring additional gas through short-term markets, or modifying upstream production arrangements, has a lead time of weeks or months. A response window calibrated to the urgency of an acute operational event, such as a pipeline outage, would be entirely inadequate for a forecast seasonal shortfall detected months in advance.

We consider this distinction is important and EnergyAustralia would welcome the AEMC amending rule 696A(6) to require the procedures to explicitly distinguish between forecast supply shortfalls and acute operational events, consistent with the draft determination illustrative example.

Rule 696A(5) preserves AEMO's right to act before the window closes and to determine at any point that a response is insufficient. The draft rule provides no mechanism for a participant to demonstrate its response was adequate, or to be notified before AEMO acts. Rule 696A(6) does not require the procedures to address this process either. Similarly, the GSAR conference mechanism is available, but it is not mandatory before intervention.

EnergyAustralia would welcome clarification from the AEMC on whether the procedures to be developed under rule 696A(6) will be required to address the process AEMO will follow in assessing the adequacy of participant responses, including any notification to relevant participants before AEMO concludes that responses are insufficient.

### **GPG demand scope within the supply shortfall assessments**

GPG demand is both large and inherently difficult to forecast. It is a function of NEM dispatch outcomes determined in real time, subject to renewable variability, interconnector flows, and generator availability. AEMO's own PASA feasibility work identified GPG demand forecasting as a significant capability gap requiring iterative development over time. If GPG demand is underrepresented in assessments, tier classifications could understate true supply-demand tightness. If overrepresented in a conservative peak scenario, market participants could face intervention affecting their gas supply and generation operations based on demand assumptions that do not reflect actual dispatch conditions.

The AEMC should confirm in the final determination that GPG demand is captured in supply shortfall assessments and that AEMO's GPG demand forecasting methodology will be disclosed as part of the probability assessment procedures.

We also consider that through AEMO exercising their direction or trading functions, participants may bear material costs through no fault of their own. Transparent and clearly defined compensation arrangements are important to the integrity of the framework. Without them, participants face asymmetric risk with no certainty about how intervention costs are treated. We ask the AEMC to consider whether compensation principles should be addressed in the draft rule or procedures.

## Role of existing contractual positions

In classifying a risk or threat, AEMO can take into account "*any other matters AEMO considers appropriate*" beyond the probability and severity assessments. The draft rule is silent on whether existing contractual arrangements in the market, which may already be covering a significant portion of the forecast demand, are among those matters. In our view, without this, the framework risks creating incentives for AEMO to direct contracted gas from well-positioned participants to address shortfalls created by those who are not, effectively penalising responsible commercial behaviour and undermining the contracting disciplines the market depends on.

AEMO's forecasting approach is mostly technical in nature, and if the probability and severity assessments follow a similar route and are conducted on a gross supply-demand basis, without regard to the contracted positions that already exist between participants, the resulting tier classification could significantly overstate the residual risk that requires a market response.

There is a considerable risk that many of the critical details of this rule change are deferred to the guidelines. The AEMC could consider whether the procedures under rule 696A(6) should be required to address how existing contractual positions are considered in the adequacy assessment

## Implementation timeline

The transitional provisions in Schedule 3 require AEMO to consult on and publish, by 1 April 2027, the initial risk or threat assessment procedures, the initial GSAA methodology, and updates to the East Coast Gas System Procedures. With the final rule not expected until approximately June 2026, AEMO will have approximately ten months to develop and finalise multiple interdependent instruments while simultaneously building the modelling and systems capability needed to support meaningful tier classifications.

We ask the AEMC to consider if the proposed timeline is realistic for both AEMO and market participants. The quality of these instruments matters significantly to market participants and should not be finalised under time pressure.

AEMO's own PASA feasibility work identified that the 7-day ECGS demand forecasting capability requires 12 to 18 months to develop iteratively. This reinforces our view that the procedures, as a practical matter, may not be possible to be operational by 1 April 2027 even if they are formally in place. At the same time, the AEMC has deferred the completion of the ECGS PASA from 9 October 2025 to 24 June 2026 due to complexities, underscoring the challenges with implementation.

If you would like to discuss this submission, please contact me on (03) 9906 0713 or via email at [Ana.Spataru@energyaustralia.com.au](mailto:Ana.Spataru@energyaustralia.com.au).

Regards,

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