

9 April 2026

Ref: GRC0076



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Dear Alfredo

### **Draft determination – Enhancing reliability and supply adequacy arrangements**

Jemena welcomes the opportunity to respond to the Australian Energy Market Commission's draft determination on the proposed National Gas Amendment (ECGS reliability and supply adequacy arrangements) Rule 2026. Jemena's support for the draft rule is grounded in the constrained and targeted nature of the proposed arrangements.

Jemena considers that, with appropriate price signals, policy settings and incentives, the market can deliver a resilient east coast gas network. Stable policy and regulatory settings are fundamental to effective market operation and should provide strong incentives for participants to maintain supply adequacy and avoid sustained shortfalls, particularly given the severe economic consequences associated with gas shortages.

Supply adequacy risks can arise where market mechanisms are distorted. For example, price caps set too low can stall investment needed to manage low-probability, high-impact events, while sustained government intervention risks crowding out private investment. It is therefore important that market frameworks acknowledge an appropriate degree of price variability to preserve incentives for timely and efficient investment responses.

Historically Jemena has made substantial investments that have materially enhanced the resilience of the east coast gas network. These include the reversal of the Northern Gas Pipeline to enable bi-directional flows.

More recently, Jemena has invested in the connection of the Port Kembla Energy Terminal (PKET) and the reversal of the EGP. Once PKET is commissioned, these investments will establish an alternative north-south gas transport pathway through a virtual pipeline, enhancing the resilience of the east coast gas market.

Jemena broadly supports the draft rule as set out in the draft determination. In our view, the proposed risk or threat signalling framework represents a meaningful enhancement to the way supply adequacy and reliability risks are identified, monitored, and managed across the east coast gas market.

We consider that shifting the responsibility for reviewing DWGM and STTM market settings from AEMO to the Gas Reliability Committee will allow broader industry input and better align market settings with participant incentives to address emerging supply shortfalls. From a market design perspective, appropriate price caps and administrative price settings are critical. While higher price settings increase the risk exposure for users, they also strengthen incentives to invest in infrastructure and supply necessary to mitigate supply risks. This

approach is consistent with developments in the electricity market, where the market price cap has increased progressively over time to better reflect the economic cost of supply interruptions. It is therefore essential that the selection of representatives on the Gas Reliability Committee includes market participants from across the gas supply chain.

We consider that the requirement for AEMO to undertake system resilience assessments in the Gas Statement of Opportunities (GSOO) should be explicitly included in the final rule, despite the AEMC's view that AEMO is already able to undertake such analysis under the current obligations. Recent GSOOs contain sensitivity analysis that focuses on limited gas demand and supply scenarios. To ensure adequate preparation for potential contingencies, these assessments should encompass a broader range of scenarios to fully identify the spectrum of risks, including high-impact, low-probability events. This would provide market participants an opportunity to provide input on how AEMO might plan for, or respond to, such events. Wherever possible, these assessments should be undertaken using information already available to AEMO, so as to minimise any additional burden or impact on market participants.

We note the proposed further disaggregation of reliability forecasts in the GSOO beyond the current north-south split, and the definition of these regions is not specified in the draft rule and instead left to AEMO's discretion. While increasing the number of regions beyond the current north-south split used in the GSOO would improve the quality of market signals, an excessive number of regions could impose additional administrative costs on industry participants. Accordingly, AEMO should balance the benefits of more granular regional information against the associated compliance and administrative burdens.

Should you have any questions please do not hesitate to contact James Harding, Gas Transmission and Processing Regulation Manager, at [james.harding@jemen.com.au](mailto:james.harding@jemen.com.au).

Yours sincerely,



**Ana Dijanosic**  
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