



9 April 2026

Anna Collyer
Chair
Australian Energy Market Commission

Submitted online: www.aemc.gov.au

Dear Ms Collyer

ECGS enhancing reliability and supply adequacy arrangements – Draft Rule

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) *East Coast Gas System (ECGS) enhancing reliability and supply adequacy arrangements* Draft Rule.

Origin supports the AEMC's draft decision not to introduce a gas reliability standard. We agree it would have been challenging to design a meaningful metric that appropriately accounts for the unique structure / dynamics of the ECGS and consider the proposed threat signalling protocol to be a more practical approach that could help make the Australian Energy Market Operator's (AEMO) actions more predictable. However, the effectiveness of the new framework would still be contingent on suitable threat tiers being defined by AEMO. Related to the new protocol, AEMO's Gas Statement of Opportunities (GSOO) and Victorian Gas Planning Report (VGPR) are proposed to be expanded to include new threat / shortfall likelihood assessments. We recommend that the Final Rule explicitly states that AEMO should not seek additional information from participants for the purpose of these new assessments, noting current participant reporting obligations are very extensive.

We are supportive of establishing an independent Gas Review Committee to periodically review the facilitated gas market settings as this could facilitate a more transparent and coordinated process. However, we recommend the AEMC increases the size of the proposed committee to ensure the entire gas supply chain and customers are adequately represented.

More detailed comments on key aspects of the Draft Rule are provided below.

1. New threat / risk signalling protocol

The proposed protocol could provide participants with a better understanding of the potential severity of forecast, market-wide risks / threats and greater certainty around the utilisation of AEMO's intervention powers. This could in turn help facilitate a market-led response and ensure any interventions remain a last-resort measure. However, this is predicated on the framework being well-designed and operationalised in appropriately targeted way.

The Draft Rule assigns AEMO the critical responsibility of developing the detailed design of the new protocol, which must be set out in new 'Risk or Threat Assessment Procedures'.¹ While we generally support this approach, the effectiveness of the new protocol will be contingent on AEMO defining appropriate threat tier thresholds. It is therefore appropriate to require AEMO to formally consult with industry when developing and amending the Procedures (and by extension the threat tier thresholds). The AEMC's proposal to also require AEMO to comprehensively describe the methodology it will use to

¹ *Draft National Gas Amendment (ECGS Enhancing reliability and supply adequacy arrangements) Rule 2026, r. 694B.*

assess the probability and severity of risks is also positive and should help participants understand how and why threat tier thresholds have been exceeded.²

Noting many of the protocol's key features are yet to be designed, the main focus of our feedback is on the period of application. The AEMC is proposing to grant AEMO the discretion to apply the new framework to any time horizon. We are concerned that this could lead to premature threat declarations by AEMO, which will undermine confidence in the new framework. Consistent with our response to the earlier Directions Paper, Origin considers the protocol should only be applied to operational timeframes. This is because:

- The protocol will inform the use of AEMO interventions (conferences, directions and activations of demand response) that are intended to address short term, operational threats and issues, i.e. not structural or seasonal shortfalls forecast months in advance.³
- Long term supply-demand assessments are inherently uncertain as there is greater potential for market conditions to change over extended forward periods. AEMO has acknowledged that gas usage by gas powered generators (a key input in gas reliability assessments) is highly variable and difficult to forecast, particularly over longer periods.⁴

Further, while we understand the AEMC's rationale in seeking to implement the new protocol by Winter 2027, the proposed commencement date of 1 April 2027 is problematic. This is given the threat assessments AEMO will undertake under the new protocol are expected to rely heavily on the output of the proposed gas Projected Assessment of System Adequacy (PASA) reports which AEMO will publish from May 2027.⁵ Any early data integrity or system issues associated with PASA inputs or the processing of these inputs could compromise the accuracy of the initial PASA reports, and by extension, the risk / threat assessment. To ensure there is sufficient time to resolve any early PASA issues, it would be more appropriate for the new protocol to commence six months after PASA reports are first published. This would also mean the untested protocol is not hurriedly introduced just prior to the critical winter period.

2. Independent committee to review facilitated market settings

Origin previously recommended expanding the remit of the Reliability Panel to allow it to also consider facilitated gas market settings. We maintain this approach would allow the interaction between electricity and gas markets to be better considered, and likely reduce the associated regulatory burden for industry and market bodies, as it may avoid the need for multiple review processes. However, we understand the AEMC does not consider this could be achieved in a timely manner due to the need for an enabling law change. Convening the proposed Gas Reliability Committee (comprised of industry and user / consumer representatives) to periodically review facilitated market settings provides an alternate solution that could still support a more transparent and coordinated approach to reviewing gas market settings.

A clear governance framework would be required to support the effective operation of the new committee. We provide the following comments on the arrangements proposed by the Draft Rule.

- *Membership:* The proposal to limit committee membership to "a minimum of one, and up to six [industry / consumer] representatives" will mean key sections of the market and customer cohorts

² As previously stated, we support the protocol being based on a probabilistic metric given the gas system's reliance on a few key pieces of infrastructure means a deterministic approach (based on an 'N -X' contingencies) would not be practical, as it would likely show the market is in a constant reliability warning / emergency state.

³ Demand response as proposed by the *Draft National Gas Amendment (ECGS Supplier of Last Resort) Rule 2026*.

⁴ AEMO, 2025, *Forecasting gas usage for gas-powered generation*, p.1

⁵ Expected date reflects *Draft National Gas Amendment (ECGS Projected Assessment of System Adequacy) Rule 2025*

are not represented.⁶ We recommend that at least 8 industry / consumer representatives are appointed to the committee covering all parts of the diverse gas supply chain including: retail, production, transmission, storage, large users and small customers. This is consistent with the composition of the Reliability Panel which has representatives from generators, transmission and distribution network businesses, market customers and end users, as well as three additional discretionary members. This expanded representation would better ensure the committee's recommendations are balanced and reflect a broad range of perspectives.

- *Timing:* Given the interlinkages between the electricity and gas markets we support the decision to require the committee to complete its review of the facilitated market settings, within six months of the Reliability Panel completing its periodic review of the electricity market's reliability standard and settings.⁷ We note this is approximately 21 months before any new settings would come into effect. This affords participants sufficient time to: recalibrate and rerun internal risk tests; assess their portfolios and potentially undertake additional contracting activity; and consider / implement any IT changes.
- *Decision making:* We support the 'report and recommend' governance approach proposed for the committee, with the AEMC sitting as the final decision maker. We understand the updated market settings would take effect through an instrument made by the AEMC. While this will be more efficient than the AEMC undertaking a separate rule change process, if the AEMC considers market settings should be set at a different level to the committee it should be required to consult publicly prior to making the instrument.
- *Factors to be considered:* The Draft Rule requires the committee to have regard to the potential impact of any change to the market settings on gas market prices, the supply of gas and financial risk to market participants. This is a suitable list of baseline considerations noting the guidelines discussed below are likely to include additional factors.
- *Supporting documents:* The new Market Setting Guidelines to be produced by AEMC should provide important transparency setting out the principles and assumptions the committee will apply when conducting its reviews. We support the development and amendment of the guidelines being subject to *standard consultative procedures* in the National Gas Rules (NGR), with two rounds of stakeholder consultation.

3. Improvements to AEMO's supply demand assessments

The Draft Rule proposes improvements to AEMO's GSOO and VGPR, including the use of a probabilistic metric in shortfall assessments and regional assessments of supply-demand forecasts. While these improvements could potentially provide useful insights, we recommend strengthening the Rule to require that these additional assessments are informed only by existing data available to AEMO. That is, the Final Rule should explicitly state that AEMO should not seek additional information from participants for the purpose of these assessments, noting current participant reporting obligations are very extensive.

We agree with the AEMC's draft decision not to require AEMO to conduct wide-ranging system resilience assessments and consider AEMO's analysis should focus on those risks that are genuinely credible. This should help to avoid overly conservative modelling projections / outcomes. We are also supportive of requiring AEMO to consult on and publish the methodology it applies in its supply adequacy assessments.

⁶ *Draft National Gas Amendment (ECGS Enhancing reliability and supply adequacy arrangements) Rule 2026, r. 140D.*

⁷ The four yearly review cycle is consistent with current arrangements and remains appropriate.

If you wish to discuss any aspect of this submission further, please contact Thomas Lozanov at thomas.lozanov@originenergy.com.au.

Yours Sincerely,

A handwritten signature in black ink that reads "S Cole". The letter "S" is large and stylized, with a long tail that loops under the word "Cole".

Shaun Cole
Group Manager, Regulatory Policy