APA

Australia's energy infrastructure partner

AEMC Review of the Integrated System Plan Framework

APA Submission

8 September 2026

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Anna Collyer
Chair
Australian Energy Market Commission

8 September 2026

RE: APA submission to the Australian Energy Market Commission's Review of the Integrated System Plan Framework – Discussion Paper

Dear Ms Collyer,

Thank you for the opportunity to comment on the Discussion Paper for the AEMC's Review of the Integrated System Plan (**ISP**) Framework.

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 energy infrastructure development.

A planned and consultative pathway for the electricity sector's transition to net zero requires effective system planning, market-led investment and strong coordination between electricity and gas. APA supports improvements to ISP framework that reduce unnecessary barriers to timely infrastructure investment.

When considering the future of the ISP, it is important to recognise the different investment drivers across electricity and gas markets. Across much of the East Coast Gas Market (**ECGM**), bilateral contracting has supported timely and incremental infrastructure expansion while enabling parties to allocate project costs and risk.

Extending central planning or actionability mechanisms to gas would risk displacing the market-led investment approach. APA considers that reform should instead prioritise more accurate and transparent gas-powered generation (**GPG**) forecasting and stronger coordination between electricity and gas planning.

The 2026 ISP identifies GPG as key to the energy transition. Southern states will require sufficient gas supply, transport and storage infrastructure to access production from northern states that supports GPG during peak-demand. Improvements to reporting can support informed infrastructure investment while preserving commercial investment signals and the effective allocation of risk.

If you have any questions about our submission, please contact me on Natalie.Lindsay@apa.com.au.

Regards,

Natalie Lindsay
General Manager Regulation and External Policy

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1. Submission

Key Points

APA supports the ISP's purpose of providing a planned and consultative national pathway for the electricity sector, recognising the importance of effective system planning as Australia transitions to net-zero.

APA supports targeted and proportionate improvements under SP1 to SP4 to address RIT-T process misalignment and delivery pathway gaps, alongside faster economic assessment, including simplifying assessment requirements, shortening sequencing and improving the feedback loop.

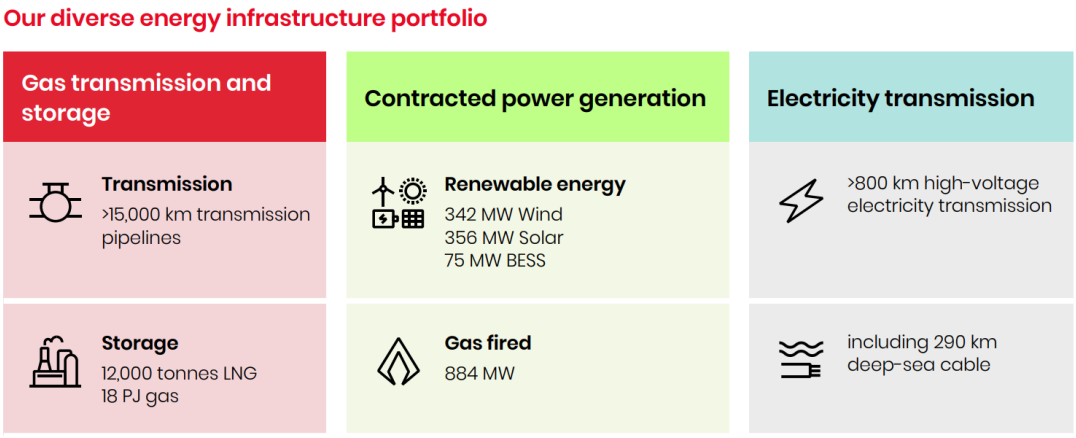
The ISP's treatment of gas can be strengthened through more accurate, transparent and consistent GPG forecasting, modelling and reporting, including clearer identification of gas infrastructure dependencies and closer alignment with the GSOO and GIOR.

Gas infrastructure investment should remain market-led, supported by commercial contracting and incremental expansion to ensure gas is delivered where it is needed. Extending planning and actionability arrangements under SP5 would require substantial legal, institutional and regulatory change and could delay investment.

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 natural gas pipelines connect sources of supply and markets across mainland Australia. We operate and maintain networks connecting 1.5 million Australian homes and businesses to the benefits of natural gas. We also own or have interests in gas storage facilities and 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.

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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 operational 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. APA supports targeted and proportionate reform of the ISP framework

APA welcomes the Commission's decision to clarify the ISP's purpose before determining the planning, delivery and governance arrangements for reform. This sequencing should help ensure reform is coherent, proportionate and directed to clearly identified problems. We support the ISP's role as a carefully planned, system-wide and consultative national pathway for the electricity sector throughout the energy transition.

Of the strawperson approaches described, APA supports targeted reforms under SP1 to SP4 that streamline regulatory assessments and delivery pathways. In particular, the faster economic assessment and RIT-T processes contemplated under SP1 and SP2 could support timely infrastructure investment by simplifying assessment requirements, shortening sequencing and improving the 'feedback loop'. Streamlining of consultation processes could also improve regulatory efficiency, while preserving appropriate scrutiny.

APA acknowledges the AEMC's rationale for adapting the broader framework to distribution, consumer energy resources (**CER**) and demand-side resources through SP3, provided any broader co-optimisation is staged, evidence-based, transparently modelled, and is limited to resources that can be credibly represented and materially improve consumer outcomes. Planning and investment frameworks should remain technology-neutral and preserve proponents' responsibility for selecting efficient technologies and project locations, promoting competition and innovation, reducing costs and supporting timely infrastructure delivery.

These targeted improvements would strengthen the existing framework while retaining the ISP's focus on electricity system planning. The principal opportunity concerning gas is to improve the accuracy, transparency and consistency of GPG forecasting.

1.3. ISP modelling accuracy is essential for gas infrastructure

GPG is expected to play a key role in supporting an orderly and secure energy transition, helping Australia meet Net Zero as coal-fired generation retires. The credibility of the electricity optimal development pathway (**ODP**) depends, in part, on whether the gas required by that generation can be supplied at the relevant location, time and rate.

Historically, differences between prior forecasts and actual GPG generation indicate a need to test whether near-term utilisation assumptions adequately reflect current system conditions. Greater transparency around the drivers of projected changes in GPG generation would assist market participants assess the implications for gas supply, transport, storage and intraday deliverability.

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APA supports continued alignment of the ISP's gas development projections with the Gas Statement of Opportunities (**GSOO**) and Gas Infrastructure Options Report (**GIOR**). Greater accuracy and consistency in gas demand assumptions and GPG utilisation forecasts, together with clearer identification of gas infrastructure dependencies would provide more credible signals for gas infrastructure investment in the NEM. This would clarify how gas is represented in the ISP, provide greater transparency around material revisions between successive ISP projections, strengthen confidence in long-term investment signals and reduce duplication in information requests.

APA welcomes improvements made by AEMO in considering renewable lulls, weather-year variability and sustained high-demand periods in the ISP's gas development projections.[1] APA considers that the ISP would also benefit from assessing how renewable lulls affect the Maximum Hourly Quantities required by GPG, rather than relying only on daily zonal gas limits. This would help identify changes in GPG's intraday gas demand profile and test whether the system can deliver gas at the times and rates required.

Building on this analysis, we consider it useful for the ISP to progressively incorporate linepack capability and constraints into its gas development projections, We recognise the associated data, confidentiality and modelling challenges and consider that a high-level sensitivity analysis based on standard industry assumptions, drawing on existing information provided by industry and government. As GPG shifts towards a *flexible, back-up role*, understanding whether gas can be delivered during rapid intraday demand swings will become increasingly important.

1.4. Infrastructure planning for gas should remain market-led

APA considers stronger coordination between electricity and gas planning can be achieved without introducing a central planning tool or actionability framework. Better forecasting, transparency and information sharing can strengthen coordination while retaining market-led gas infrastructure investment and commercial allocation of risk.

For these reasons, APA supports progressing targeted reforms under SP1 to SP4, rather than extending the ISP to centrally plan or make gas infrastructure actionable under SP5. The following sections explain how commercial contracting supports gas infrastructure investment and the additional complexity an actionability framework would introduce.

Contracting drives efficient ECGM planning and expansion decisions

Gas infrastructure investment differs fundamentally from regulated electricity network investment. Across much of the ECGM, gas shippers negotiate bilateral contracts with pipeline operators to gain access to transmission capacity under the contract carriage model. This allows for commercial commitments to support market-led investment and expansion decisions.

Existing pipelines can often be expanded incrementally through compression to increase capacity. Where technically and commercially feasible, staged expansion can provide additional capacity more quickly, more cost-effectively and at a lower investment risk

[1] APA Group, *Integrated System Plan (ISP) Methodology Issues Paper: APA Submission*

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than a new greenfield pipeline. This incremental expansion has been the preferred, market-led solution to transport gas from Queensland to southern markets on the ECGG.

The contract carriage model allows prospective shippers to signal the need and commercial basis for expanding transmission pipelines and other infrastructure through short- and long-term capacity commitments. This model operates across much of the ECGM, with different arrangements applying to the Declared Wholesale Gas Market and Declared Transmission System in Victoria.

In its June 2026 Gas Inquiry Interim Report [2], the ACCC emphasised the importance of market signals in supporting efficient infrastructure investment and acknowledged the Energy Minister's direction in supporting these challenges, stating:

- the importance of *market signals to promote the most efficient gas supply and infrastructure decisions;*
- the role of system planning *so that investors and users can make informed investment decisions;*
- the difficulties and uncertainty in long-term contracting for gas-buyers; and
- the direction established by the Energy Minister in improving gas system planning specifically to support *"more timely market-led investment"*.[3]

APA prefers this market-led approach as SP5 could distort the market dynamics that have underpinned gas infrastructure investment to date and weaken established approaches to infrastructure planning, investment and contracting.

The 2025 Gas Market Review[4] is already pursuing substantial reforms intended to support longer-term contracting and investment in the ECGM. Introducing an additional central planning or actionability framework before these measures have been implemented could create overlapping investment signals and further uncertainty for parties considering long-term contracts and infrastructure investment.

Institutional and governance changes may delay investment and increase uncertainty

APA supports the direction established by Energy Ministers that AEMO's gas projections would not create a gas 'optimal development path' or NEM-style planning role.

APA remains concerned that using ISP modelling to direct gas infrastructure development through centrally determined '*decision variables'* could distort commercial investment signals, constrain innovation and efficient project choices, weaken the efficient allocation of risk and transfer the consequence of inefficient investment to consumers.

APA agrees with the Commission's recognition that SP5 would involve "*substantial framework, statutory and institutional change",* requiring amendments to the NEL and corresponding changes to the NGL.

[2] Australian Competition and Consumer Commission (ACCC), *Gas Inquiry 2017–2030: Interim Update on East Coast Gas Market*, June 2026, p. 26.
[3] Energy and Climate Change Ministerial Council (ECMC), *Response to the Review of the Integrated System Plan*, April 2024.

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A gas actionability framework would require new institutional responsibilities, legal powers, assessment processes, funding arrangements and provisions for allocating cost and risk. As there is currently no gas equivalent to the electricity RIT-T under the NGR, significant questions about the framework's operation and implementation would need to be resolved. An actionability framework may also alter the allocation of investment risk where a planner with statutory authority does not bear the commercial consequences of an incorrect investment decision.

1.5. International comparisons should reflect the ECGM market

APA supports the AEMC's examination of international approaches and agrees that the applicability of Great Britain's emerging framework should be treated cautiously. Great Britain's emerging reforms do not yet provide an established basis for concluding that a central co-optimisation system and actionability framework would produce better outcomes in Great Britain or the ECGM. There are also material structural differences between the two markets.

As discussed above, investment across much of the ECGM is supported by bilateral contracting and direct engagement between infrastructure providers and users across multiple transmission pipelines. This differs materially from Great Britain's single regulated National Transmission System, operated by the National Gas Transmission, and its entry-exit capacity arrangements differ materially. Additionally, households account for 37% of UK gas demand in 2024[5]. In Australia, residential gas use accounts for only 9.5% of Australian domestic gas consumption[6]. These differing demand profiles affect infrastructure utilisation and peak requirements, as well as the nature of the risks that planning frameworks need to manage.

These structural and institutional differences limit the direct transferability of Great Britain's emerging framework. Any international model should therefore be assessed against the ECGM's existing investment signals, contracting arrangements and allocation of commercial risk.

[5] DESNZ 2025, *Statutory Security of Supply Report 2025*, Department for Energy Security and Net Zero, p. 27
[6] DCCEEW 2025, *Australian Energy Update 2025*, Department of Climate Change, Energy, the Environment and Water, 2023–24 data. Residential gas use represented 9.5% of domestic gas consumption.