



09 September 2021

Submission: Consultation on Draft Report for the Review of the Gas Supply Guarantee

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, with a focus on high-pressure gas transmission. APGA's members build, own and operate the gas transmission infrastructure connecting the disparate gas supply basins and demand centres of Australia, offering a wide range of services to gas producers, retailers and users.

APGA welcomes the opportunity to contribute to the Consultation on Draft Report for the Review of the Gas Supply Guarantee (the **Consultation** on the **Draft Review** of the **GSG**).

APGA commends the Australian Energy Market Commission (AEMC) on its primary conclusion within the Draft Report, including:

- *for the Australian Government to extend the term of the Gas Supply Guarantee another three years to March 2026;*
- *that an assessment on the long term need of the Gas Supply Guarantee be carried out prior to the conclusion of this extended period; and*
- *that the AEMC does not recommend any fundamental change to the mechanism.*

The Draft Report identifies six potential areas for improvement. Discounting four of these, the AEMC seeks feedback on the following two potential areas for improvement:

5. References to NEM peak demand; and
6. References to east coast gas coordination role.

To these points, APGA refers the AEMC to the basis of its draft recommendation. The AEMC draft recommendation notes:

Reflecting the low cost nature of the current Gas Supply Guarantee, the flexibility of the mechanism in dealing with issues as they arise and the role AEMO can play in bringing industry together to share information when it is needed most, the Commission does not recommend any fundamental change to the mechanism such as including it in the national energy rules at this time. It is satisfied that continuation of the current arrangements for another three years will be consistent with the long term interests of electricity and gas consumers.

APGA would be concerned that the modification of the GSG to include either references to NEM peak demand or references to east coast gas coordination role would undermine the low cost nature of the current GSG, as well as the flexibility of the mechanism in dealing with issues as they arise.

Linking the GSG to a broader definition of peak demand risks inaccuracies in how peak demand is defined. Potential inaccuracies risk a reduction in the flexibility of the mechanism, in turn opening to the potential for costly outcomes.

The South East Australia Gas Maintenance Coordination Workshop (SEAGMCW), currently only engaged on a voluntary basis outside of the DWGM. Utilisation of the SEAGMCW risks a reduction in flexibility for non-DWGM participants through locking in maintenance windows in advance. This in turn risks increasing cost by forcing maintenance into restricted windows, reducing the ability for operators to negotiate maintenance activity costs.

APGA encourages the AEMC to reflect upon the benefits of the low cost, flexible nature of the GSG when considering the potential areas for improvement. In doing so, APGA anticipates that the AEMC final recommendations will remain consistent with its draft recommendations which do not recommend any fundamental change to the mechanism.

To discuss any of the above feedback further, please contact APGA's National Policy Manager, Jordan McCollum, on +61 422 057 856 or jmccollum@apga.org.au.

Yours Sincerely,



JORDAN MCCOLLUM
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