8 May 2025

Submission: National Gas Amendment (ECGS Projected Assessment of System Adequacy) Rule

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure. APGA members ensure safe and reliable delivery of over 1,500 PJpa of gas consumed in Australia alongside over 4,500 PJpa of gas for export.

APGA welcomes the opportunity to contribute to the Australian Energy Market Commission's consultation on developing short- and medium-term Projected Assessments of Supply Adequacy (PASA), and associated settings, for the East Coast Gas System (ECGS).

As we noted in our submission in 2023, additional market transparency will allow wholesale gas customers to accurately manage risk by securing supply through contracting firm gas supply and transport, as well as supporting AEMO in its role. It is important though that providing this transparency is accomplished in a way that does not add additional complexity to reporting frameworks. APGA has some suggestions on how to approach this.

Definitions

AEMO notes for the ST PASA there needs to be "consistency between BB and ECGS pipeline capacity outlook reporting obligations, with a preference for this reporting to be a BB reporting obligation and reported by pipeline segment – to be defined in the BB Procedures."

APGA concurs with the need for consistency, as well as an approach that does not seek to increase complexity for no benefit. Hence APGA advises that pipeline segments should be defined for this purpose as consistent with the current pipeline segments defined in the East Coast Gas System Procedures:

2.1.4. Pipeline segments, linepack, linepack zones and demand zones

Rule 680 provides that the terms linepack, linepack zone and pipeline segment are to be defined in the Procedures and Rule 135EA(7)(c) provides that the Procedures may specify how demand zones, supply zones, linepack zones and pipeline segments are to be determined.

(a) A *pipeline segment* is each part of a *BB pipeline* for which a *BB reporting* entity is required to separately report in accordance with Part 18 of the NGR as required under clause 6.1(g) of the *BB Procedures*, including any part of a *BB pipeline* for which an additional nameplate rating is requested by AEMO under clause 6.1(h) of the *BB Procedures*.

The Bulletin Board Procedures gives this definition as a Bulletin Board pipeline, in both directions if bidirectional:

(g) The *BB reporting entity* for a *BB pipeline* must report all the following *nameplate ratings* for the *BB pipeline*, and corresponding capacity outlooks:

(i) if the *BB pipeline* is bidirectional – for both directions; and

(ii) if the *BB pipeline* has different capacities in a single direction – for all the different capacities.

This definition aligns with existing reporting requirements and processes for all relevant reporting entities.

Aligning the definition of pipeline segment with the ECGS would be, relatively speaking, simple for operators to implement and would not require substantial augmentation of reporting frameworks to comply. Any further granularity where there is not an existing reporting process will result in material costs and complexity.

Separately, AEMO suggests that the definition of daily capacity is moved from the National Gas Rules to the BB Procedures. APGA disagrees with this approach, particularly where AEMO has yet to arrive at a preferred definition of daily capacity.

Implementation timelines and capacity

The timelines outlined in the consultation paper are 12-18 months to develop the Procedures, and AEMO publishing the first ST and MT PASA within 15-21 months of the Final Determination. This appears to leave market participants at most 3 months to first report to AEMO.

Whether or not market participants can realistically comply in this timeframe depends on the level of granularity that is decided on in the definitions. If a more granular approach to pipeline segments than the ECGS definition is decided on, or whether AEMO decides to require pipeline operators to undertake sophisticated dynamic modelling in order to comply with in its definition of daily capacity, this may not be sufficient time for facilities to establish procedures and resources to comply. There are also capacity constraints in the availability of software vendors and engineers to undertake the work, reducing the likelihood that this information would be available before winter 2027. Accordingly, complexity of proposed reporting obligations (and the associated implementation time required by market participants) should be weighed up against the risks of delaying the establishment of the first ST and MT PASAs.

To discuss any of the above feedback further, please contact me on +61 409 489 814 or crafael@apga.org.au.

Yours sincerely,

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Consultation questions

1. Is there enough quality information covering the intra-year period to support decision-making by ECGS participants, AEMO and policymakers?	APGA agrees with AEMO's assessment that there is a wide selection of information on ECGS supply and demand available to it through the BB and the stage one ECGS reforms introducing pipeline disclosures. This information supplies the vast majority of what would theoretically contribute to a PASA, needing only additional clarity on shipper expectations and behaviour. APGA sees the benefit in providing additional market transparency to market participants, especially where it provides wholesale gas customers with additional information to accurately manage risk by securing supply through contracting firm gas supply and transport. This information would also support AEMO in undertaking its directions powers in an objective way.
2. Do you consider a principles-based approach to be the most appropriate solution?	APGA does not object to the strawperson PASA objective. There are certain aspects of the PASA inputs which should remain in the purview of the NGR, such as the definition of daily capacity. However APGA does see the benefit of avoiding formal rule change processes for the PASA more broadly, especially where industry consultation is required to make those changes. APGA notes that there is an error in the consultation paper which describes the Standard Consultative Procedure under Rule 8 of the NGR, which should be taken into account in the AEMC's proposed model to amend the PASA. Stakeholders must comment on rule change proposals *within* 15 business days, but are provided ***at least*** 15 business days to comment on draft decisions. Stakeholders must be given sufficient time to consider often complex regulatory change proposals.

3. Which factors should guide AEMO's development of ECGS PASA modelling regions?	APGA has previously noted a northern/southern region division would be useful for the purposes of a PASA. APGA continues to believe this would meet most needs.
4. Is the proposed ST PASA design fit for purpose?	APGA generally agrees with the approach proposed by AEMO and the AEMC as fit for purpose, particularly where the majority of the information to be used to develop the PASA will already be supplied by market participants. On proposed regulatory changes, APGA • Agrees with the proposal to align the DWGM and STTM by demand forecast obligation to seven days; • Agrees with the proposal to introduce an obligation on BB shippers to provide a seven-day forecast of their projected use of these BB facilities to facility operators, as long as this aligns with the current BB procedures where shippers do *not* provide their nominations; • Does not agree that it may be necessary to clarify the definition of daily capacity to ensure it is not confused with nameplate capacity, as the current definition of daily capacity in Rule 141 should be sufficient; • Disagrees that moving the definition of daily capacity from the NGR to the BB Procedures is necessary; • Agrees with the proposal to align the BB and ECGS pipeline capacity outlook reporting obligations, as long as pipeline segments are defined consistent with the current pipeline segments defined in the ECGS and BB Procedures; • Agrees with the proposal to remove redundant ECGS obligations on Part 27 retailers, BB large users and LNG export projects to provide daily demand forecasts out to seven days.
5. Is the proposed MT PASA design fit for purpose?	APGA generally agrees with the approach proposed by AEMO and the AEMC as fit for purpose, although notes with caution that the timing for developing the first MT PASA, and the reliability standard upon which the reliability output relies, may not align. APGA also reiterates previous caution about AEMO's modelling capacity when it comes to medium term forecasting and GPG forecasting.

	On proposed regulatory changes, APGA • Agrees with the proposal to integrate the capacity outlooks into the BB Rules and that the obligation is to provide a daily capacity for the 24-month outlook period, and hence • Agrees with the proposal to remove the extended daily capacity outlook from the ECGS Rules; • Agrees with the proposal to align the BB and ECGS pipeline capacity outlook reporting obligations, as long as pipeline segments are defined consistent with the current pipeline segments defined in the ECGS and BB Procedures; • Agrees with caution for the LNG export quantity reporting horizon be extended to 12 months, to allow for AEMO to model GPG demand forecasts.
6. What are your views on compliance and enforcement?	The existing compliance and enforcement framework for data collection throughout the NGR should be sufficient for this purpose, especially at the beginning of the scheme. There is however a gap that could and should be addressed in this framework. Currently, shippers are generally obliged through their bilateral contracts to submit their nominations 7 days in advance, but as this is not a requirement of the NGR there is no enforcement or compliance framework to compel this; instead the onus is on operators to supply their own 'estimates', using last known nomination or other mechanism not further defined. Failure of shippers to provide nominations when they are due should attract a penalty, especially when this could materially impact the market. The proposal should also take the broader exemptions framework which currently applies to Part 27 disclosure obligations and allow this to be applied to all (current and proposed) Part 18 obligations, as this Part 27 exemptions framework provides AEMO with better flexibility to ensure fit-for-purpose reporting by market participants.

	The effect of any Part 27 reporting exemptions previously granted by AEMO should also be carried over to the new Part 18 framework.
7. Are there additional opportunities for streamlining or to remove duplication?	There will likely be further areas for streamlining reporting in the future, but this will become more apparent once the PASA processes commence.
8. What are your views on implementation timing?	As noted above, the timelines outlined in the consultation paper are problematic. It provides 12-18 months to develop the Procedures, for AEMO to publish the first ST and MT PASA within 15-21 months of the Final Determination. This leaves market participants at most 3 months to report to AEMO. Depending on the level of granularity and hence complexity decided, it may be impossible for operators to comply. APGA strongly encourages that there be allowed sufficient time for all market participants to develop and test new reporting systems prior to the publication of the first ST and MT PASA to ensure that the market has confidence in the information presented.
9. Are there alternative solutions that would be preferable?	APGA is not aware of alternative solutions that meet the proponent's needs in quite the same way as proposed, although notes the existing information provided to AEMO to meet existing reporting obligations goes much of the way there.
10. Assessment framework	The proposed assessment criteria are acceptable.