



6 April 2023

## **Submission: Implementation of East Coast Gas System Guidelines**

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to contribute to the AEMO consultation on the Implementation of East Coast Gas System Guidelines. Overall, APGA finds the Guidelines document to be useful in explaining AEMO's approach and provides the following advice on how AEMO can improve upon the Guidelines and guideline creation process. APGA appreciates the willingness of the AEMO reform development team to evolve its procedures following industry discussion.

### **Principles in giving directions – gas for LNG exporters**

The Guidelines acknowledge that the National Gas Rules (NGR) limit AEMO's ability to give a direction which conflicts with the Australian Domestic Gas Security Mechanism (ADGSM). Specifically, the NGR prevents AEMO issuing directions in relation to gas required to meet LNG export contract obligations. The Guidelines further acknowledge that AEMO may not always be aware of the existence of these obligations and provides a general requirement of entities to inform AEMO if a direction is in conflict with those obligations.

Further issues may arise, however, as some relevant entities (including pipeline operators) are likely to be unaware of the ultimate destination of that gas and whether directions may affect deliveries to LNG exporters. In this case, pipeline operators would not be able to comply with such a requirement to notify AEMO contained in the direction, and the direction may unintentionally conflict with the ADGSM.

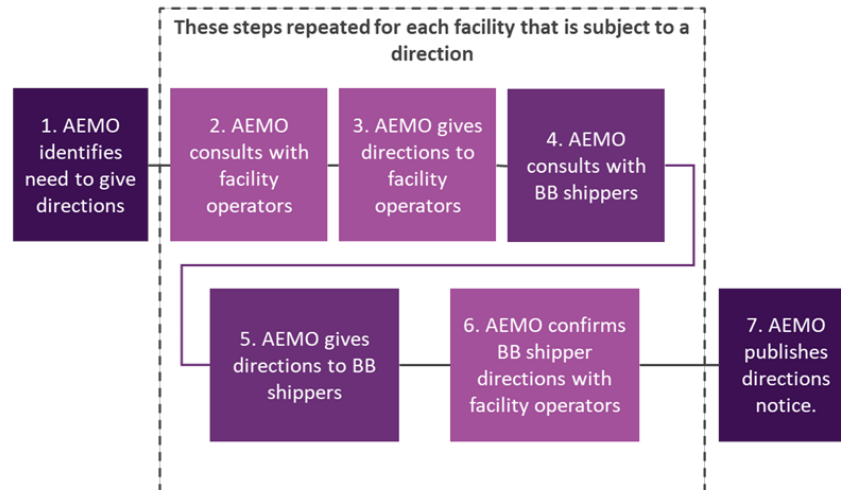
As per many of the risks previously flagged by APGA, this risk can be mitigated by implementing an order of directions that prioritises directing shippers ahead of pipeline operators. AEMO should also consider amending the directions principles to clarify that only directed relevant entities which have obligations under LNG export contracts are obligated to notify AEMO where exempted gas has become subject to a direction.

### **Principles in giving directions – order of directions**

Figure 2 of the Guidelines provides a flowchart of the directions process. This indicates that facility operators (potentially including pipeline operators) will be directed ahead of BB

shippers. AEMO has indicated to APGA that it intends to undertake these directions either in tandem or iteratively, through directing a pipeline operator to maintain supply while simultaneously directing shippers, and possibly returning to issue further directions to pipeline operators. The 'order of directions' flow chat does not reflect AEMO's intent in this regard, nor does it contemplate the potential iterative nature of directions.

Figure 2 Directions process



## Consultation process

APGA is concerned that these 'expedited' and overlapping consultation processes is inappropriate for changes of this magnitude. Our members being unable to review the Guidelines in advance of providing feedback on the Procedures has potentially hampered the quality of responses to that consultation process, even though it is clear that these will have been produced in tandem.

APGA believes that changes of this magnitude should, in an ideal situation, be communicated with industry with sensitivity to any resulting commercial complexities. This would suggest a consultation period longer than 15 business days for industry to consider and prepare a response.

Notwithstanding the accelerated consultation timeframes required to ensure arrangements are in place prior to the winter season of 2023, as requested by the Energy Ministers, this process has limited effective engagement with industry.

To discuss any of the above feedback further, please contact me on +61 422 057 856 or [jmccollum@apga.org.au](mailto:jmccollum@apga.org.au).

Yours Sincerely,

JORDAN MCCOLLUM  
National Policy Manager  
Australian Pipelines and Gas Association