

# apa

## APA submission

### Draft Annual Compliance Order

*March 2024*





# 1 Submission

## Key points

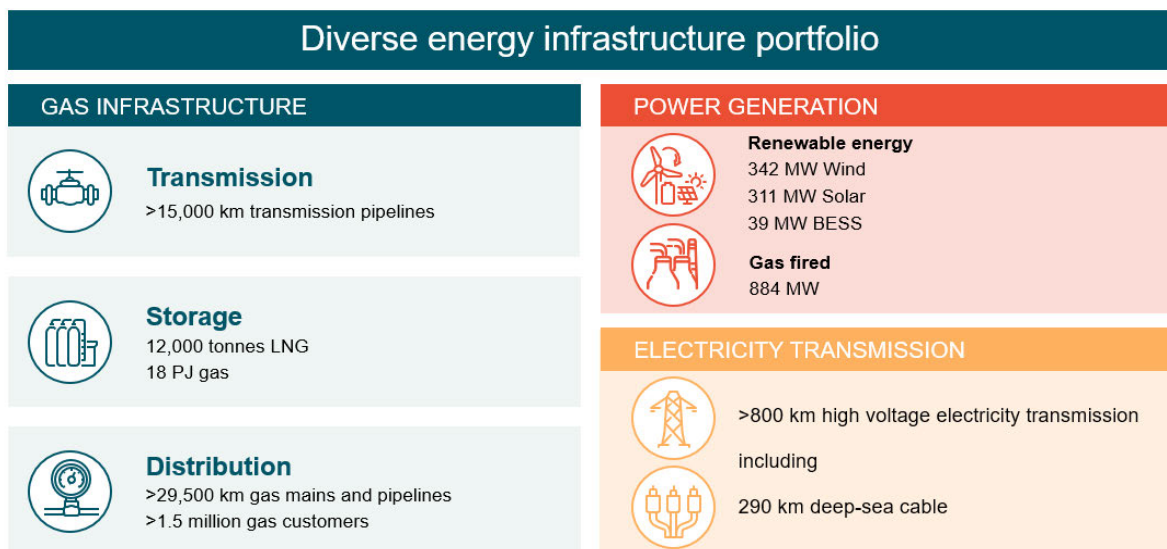
- Market driven commercial negotiations underpin the Australian gas pipeline transmission market. To date, this market driven framework has enabled dynamic and responsive investment by APA.
- Existing assurance requirements in the 2008 Annual Compliance Order are onerous and should provide the AER with the level of assurance it requires.
- Conducting an audit or review of the information presented in response to the ACO is a costly exercise. Any additional costs resulting from an audit request will ultimately be borne by customers, which in the current environment would not be welcome.

## 1.1 Introduction

APA is a leading ASX listed energy infrastructure business. Consistent with our purpose to strengthen communities through responsible energy, our diverse portfolio of energy infrastructure delivers energy to customers in every state and territory on mainland Australia.

Our 15,000 kilometres of natural gas pipelines connect sources of supply and markets across mainland Australia. We operate and maintain networks connecting 1.4 million Australian homes and businesses to the benefits of natural gas. We also own or have interests in gas storage facilities and gas-fired power stations.

Figure 1 APA's energy infrastructure portfolio



We also operate and have interests in 692 MW of renewable generation and battery storage infrastructure. Our asset portfolio also includes high voltage electricity transmission assets that connect Victoria with South Australia, NSW with Queensland, and Tasmania with Victoria.

APA actively supports the transition to a lower carbon future. In August 2022, we published our inaugural Climate Transition Plan which outlines our commitments to support Australia's energy transition and pathway to achieve net zero operations emissions by 2050. In September 2023 we released our first Climate Report disclosing our progress against our Climate Transition Plan.

In early 2023, APA established an Electrical Transmission business unit with a focus on electrical transmission infrastructure across Australia. We have recruited a team of established industry professionals to lead APA in playing a pivotal role in the energy transition. In line with our strategic focus, we have also announced a partnership with leading global infrastructure organisation EDF Group. This partnership synergises EDF's global experience in electricity transmission delivery and operations, with APA's strong local experience in the construction and operation of linear energy infrastructure.<sup>1</sup>

As coal power stations retire, gas will have an increasingly important role to play in supporting the security and reliability of the energy system. And APA is already taking steps to ensure that gas gets to where and when it is needed, investing around \$500 million to increase supply to southern markets.

We appreciate the opportunity to comment on revised reporting obligations for gas service providers. It is important that compliance reporting obligations are fit for purpose and recognise the characteristics of contract carriage markets in which most gas pipeline service providers operate. Our submission below addresses several issues raised in the Consultation Paper and accompanying draft excel template (Draft Template), including:

- Audit requirements
- Compliance with the access negotiation framework
- Compliance with pipeline interconnection principles

## 1.2 Audit requirements

Section 5 of the Draft General Regulatory Information Order for gas pipeline service providers (Draft Order) establishes the assurance requirements for a service provider's response. In contrast to the existing 2008 ACO, the Draft Order allows for the AER to request an audit or review of the information presented by a service provider.

The Consultation Paper does not explain why the Draft Order contains new provisions allowing the AER to request such an order or review. Existing assurance requirements in the 2008 ACO are onerous and require a Director or member of the Board to verify that the information and documentation provided by the service provider is accurately represented, complete, and not false and misleading. These requirements should provide the AER with the assurance it requires.

---

<sup>1</sup> APA, 'APA Group and EDF Group to pursue electricity transmission projects' (Media Release, 31 October 2023).

Conducting an audit or review of the information presented in response to the ACO is a costly exercise. Any additional costs resulting from an audit request will ultimately be borne by customers, which in the current environment would not be welcome.

In the absence of a clear rationale for the inclusion of these new provisions, we request that the AER remove the provisions allowing the AER to request such an order or review.

### **1.3 Compliance with the access negotiation framework**

The 2008 ACO required a service provider to report on the status of negotiations with parties requesting pipeline services. The service provider was required to report the name of the party requesting the service, the pipeline service requested, and the outcome of access negotiations.<sup>2</sup>

March 2023 changes to the National Gas Rules (NGR) established a new access negotiation framework in Part 11 of the NGR. This new framework requires service providers to publish a user access guide and sets out a process for how access requests should be conducted.

We are comfortable with the current wording of Clauses 16.1 and 16.2 of the Draft Template. The wording of 16.3, however, needs to be clarified, as the current wording is unclear and it is not immediately apparent which clause of the NGL or NGR clause 16.3 is targeted at.

It may be that the intent of Clause 16.3 is duplicated by the requirements in Clause 7.1 to publish prescribed transparency information, including the standing terms and actual prices payable. If this is the case, Clause 16.3 in the Draft Template can be removed.

### **1.4 Compliance with the Pipeline Interconnection Principles**

Clause 4.1 of the Draft Template requires the service provider to consider whether the interconnection is technically feasible and consistent with the safe and reliable operation of the pipeline. This assumes that there has actually been an interconnection request to consider.

To clarify the intent of Clause 4.1, it may be appropriate to insert an additional clause asking whether a person has requested a connection to the pipeline in question.

---

<sup>2</sup> AER, *Annual Compliance Order*, November 2008, Clause 3.1(iii)(c)



**always  
powering  
ahead**