



11 April 2024

Our Reference: APLNG – COR – 1048852

Attention: Sarah Danos
Director
Future of Network Regulation
Australian Energy Regulator
23 Marcus Clarke Street
Canberra ACT 2601

By E-mail: PipelineFOR@aer.gov.au

Dear Ms Danos

Australia Pacific LNG Pty Ltd (**APLNG**) welcomes the opportunity to contribute to the consultation process on the South West Queensland Pipeline (SWQP) form of regulation review.

APLNG is an incorporated company and one of the largest producers of natural gas in eastern Australia, delivering a reliable energy source to customers in Australia and Asia. We are the largest net contributor of gas supply to Australia's domestic east coast gas market, having provided over 2,100 PJ of gas into the domestic market since the project was sanctioned.

The APLNG pipeline transmission network transports gas from fields to the market delivering to major retail, commercial and industrial customers in addition to its own downstream facility for LNG export.

Submission

Question 1: Please provide any views on how the AER should approach making a form of regulation determination. In particular, provide views on how we should consider the various criteria and factors set out in the NGL.

When the National Competition Council (NCC) was responsible for reviewing form of regulation, the NCC published a gas guide, as well as five form of regulation decisions, which provide insight into how the NCC interpreted the various criteria and factors set out in the National Gas Law (NGL).

Now that the AER has the responsibility for form of regulation reviews APLNG encourages the AER to provide a similar level of the rationale on each criteria and factor, in detail, when assessing SWQP's form of regulation.

The AER has flagged an intention to 'conduct a program of self-initiated form of regulation reviews' over several years. As the SWQP is the first of these reviews, providing as much insight as possible into the AER's approach will provide transparency to stakeholders on the methodological approach to regulation reviews, and build a common understanding of the approach AER intends to take. This transparency will provide greater understanding and regulatory certainty which will promote efficient investment in gas pipeline services for the long-term interests of consumers of covered gas.

Questions 2–33

Given the SWQP is heavily contracted during the Australian winter, and unutilised capacity is offered on the day-ahead auction, it is unclear that changing the regulation of the SWQP would achieve any benefits, from a capacity availability perspective.

APA is currently expanding SWQP's gas transportation capacity as part of its East Coast Grid Expansion project, which suggests suppliers have responded to demand and the market is functioning properly. Additional regulatory or market intervention may stifle the incentives for long-term investment in gas pipelines.

Storage solutions may alleviate pipeline capacity constraints including, in some cases, storage in a pipeline's linepack. Subjecting pipelines to additional regulation and only allowing standard access arrangements will not facilitate bespoke, innovative market solutions.

Should you have any questions or would like to discuss this submission further, please contact Kieran Olsen, Commercial Compliance Manager, at [REDACTED]

Yours sincerely



Manda Goodwin
General Manager - Commercial
Australia Pacific LNG Pty Ltd