



Ms Jo Gall
General Manager, Compliance and Enforcement
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Lodged by email: AERgasnetworkscompliance@aer.gov.au

9 May 2024

Re: APA Submission to draft Annual Compliance Order for gas pipeline service providers

Dear Ms Gall,

Thank you for the opportunity to comment on the draft Annual Compliance Order (ACO) published by the AER on 17 April 2024 (Draft Order).

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. Through a diverse portfolio of assets, we provide energy to customers in every Australian state and territory. As well as an extensive network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and over 692 MW of renewable generation and battery storage infrastructure.

Gas service providers operate in a competitive market with pipeline investment underpinned by bespoke, long term contracts between customers and the pipeline infrastructure provider. These arrangements continue to support the efficient, incremental expansion of gas infrastructure and ensure that gas is delivered when and where it is needed.

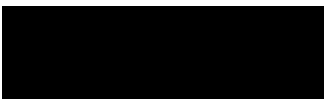
Gas infrastructure is expected to play a key role in supporting renewable energy during the energy market transition and APA has recently invested around \$700 million to support energy reliability in southern markets. Commercial decision-making and bilateral contracting have enabled the nimble and efficient expansion of infrastructure and the appropriate allocation of risk between parties.

The Explanatory Note published alongside the Draft Order indicates that there will be further consultation in relation to the AER Compliance Procedures and Guidelines, including further guidance and information on the ACO audit program. However, the Explanatory note does not explain why the Draft Order allows for the AER to request an audit, nor the circumstances in which the AER would make such a request.

Conducting an audit or review of the information presented in response to the ACO would be a costly and resource intensive exercise. Any additional costs resulting from an audit request will ultimately be borne by customers. To build trust and provide stakeholders with confidence that the AER is using its powers judiciously, the AER should clearly explain why it proposes to include this provision in the ACO and the circumstances in which it would exercise this power.

If you have any questions about our submission, please contact me on [REDACTED].

Regards,



John Skinner
Senior Manager Policy
Strategy and Corporate Development