



9 May 2024

Our Reference: APLNG – COR – 1048941

Mr Sam Campbell
Assistant Director—Gas Networks and Wholesale Intervention Compliance
Compliance and Enforcement Branch
Australian Energy Regulator (AER)
Level 17, 2 Lonsdale Street
Melbourne VIC 3000

Via email to: AERGasNetworksCompliance@aer.gov.au

Dear Mr Campbell

Australia Pacific LNG Pty Ltd (APLNG) welcomes the opportunity to contribute to the consultation process on the draft Annual Compliance Order (ACO) draft decision.

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, providing over 2,100 PJ of gas into the domestic market since the project was sanctioned.

The APLNG pipelines transport gas from our fields, both into our own downstream facility for LNG export and additionally to delivery points into the transmission pipeline network which delivers gas to major retail, commercial and industrial customers. APLNG does not currently provide third-party access to its owned and operated pipelines and holds Category 1 exemptions under Part 10 of the National Gas Rules (NGR).

Submission

APLNG intends to provide a more detailed submission when the AER consults on its Compliance Procedures and Guidelines in the second half of 2024. In the meantime, APLNG offers the following comments on the ACO draft decision:

- **Unnecessary burden of tracking of financial information by pipeline**
APLNG notes the comments made in the anonymous submission to the AER regarding the draft ACO that financial reporting should only apply from the first financial year after a third party is involved. The AER's response was as follows:

We note that the updated ACO is anticipated to come into effect on 1 July 2024, which means that service providers' first response to the ACO will be on 31 October 2025 as currently drafted.

The length of time before the first response is due will enable service providers to prepare for the new reporting process and develop an understanding of how to comply with these requirements.

The reporting allows some flexibility in the use of estimates where exact figures are not known.

The AER's response implies the AER expects service providers to begin tracking financial information by pipeline as of 1 July 2024, regardless of whether a third party has been granted access.

In the interest of avoiding unnecessary regulatory burden, APLNG submits that a service provider holding Part 10 category 1 exemptions should not have to begin tracking financial information by pipeline until 12 months after a category 1 exemption is revoked (consistent with rule 35B of the National Gas Rules). This is because a service provider with the exemptions described does not need to report any financial information, unless its Part 10 exemptions are revoked (i.e. due to third party access being granted), or not renewed.

- **Audit program**

APLNG encourages the AER to provide as much information as possible, in its Compliance Procedures and Guidelines, about the parameters of its broad audit program and the circumstances in which it may require a compliance audit.

- **ACO due date**

APLNG reiterates that August to October is already a heavy regulatory reporting period for gas pipelines service providers and urges the AER to push back this date to 15 December. APLNG understands the AER will use the information gathered through the ACO to produce its biennial reports to the Energy Ministers. If the biennial reports could be pushed back to April (this could be achieved by the March 2025 report being followed by a mid-April 2026 report, and every second year thereafter) then this would significantly assist gas pipeline service providers with their peak regulatory burden.

An April biennial report would enable an ACO due date of 15 December each year, thus better aligning the ACO with the Part 10 reporting period, allowing the AER sufficient time to produce its reports.

- **Secure transmission of ACO responses**

APLNG is pleased that the AER will accept password-protected responses – this solution appropriately balances security, implementation cost and flexibility. The AER would not need to also establish a secure portal.

Thank you for the opportunity to provide feedback on the draft decision. Should you have any queries relating to this submission, please contact Mr Kieran Olsen, Commercial Compliance Manager, at [REDACTED] or [REDACTED].

Yours sincerely

[REDACTED]

Manda Goodwin
General Manager Commercial
APLNG Pty Ltd