

30 April 2024

Ms Karen Krist  
a/General Manager, Market Surveillance  
Australian Energy Regulator  
GPO Box 3131  
CANBERRA ACT 2601]

**Email: [ContractMarketMonitoring@aer.gov.au](mailto:ContractMarketMonitoring@aer.gov.au)**

Dear Ms Krist

**RE: Enhanced Wholesale Market Monitoring and Reporting Guideline**

Senex Energy Pty Ltd (**Senex**) welcomes the opportunity to comment on the Enhanced Wholesale Market Monitoring and Reporting Guideline – Issues Paper for Stakeholder Feedback (**the Issues Paper**) being consulted on by the Australian Energy Regulator (**AER**). Senex is a member of the Australian Energy Producers (**AEP**) and the Australian Financial Markets Association (**AFMA**) and support the submissions made by both industry organisations. In particular, we support the AEP's recommendation to establish of a forum across the AER, the Australian Competition and Consumer Commission (**ACCC**) the Australian Energy Market Operator (**AEMO**), relevant government agencies and industry to identify potential areas of duplication and reporting inefficiencies in the wholesale gas market.

Further to this and in responding to the Issues Paper, Senex is not commenting on the specific detail, but provides general insights on the AER's approach and suggests alternatives that should be considered before mandating additional reporting for gas producers. We are deeply concerned about the growing level of potentially unnecessary regulatory reporting required by wholesale gas market participants. Reporting requirements, such as those described in the Issues Paper, are being developed in an ad hoc manner without any observable and genuine co-ordination or single point of oversight. Practically, this is adding to compliance costs for market participants and creating additional compliance risks without clear demonstrated benefits for the functioning of the wholesale gas market and addressing observable supply concerns.

Senex appreciates the need for the AER to have access to relevant information to perform its functions in-line with the National Gas Law (**NGL**) and National Gas Rules (**NGR**) and in the interests of ensuring the integrity of the wholesale gas market. It appears, however, in general highly invasive reporting obligations on market participants has become an objective itself rather than being viewed as a "last resort" tool to assist in understanding market fundamentals.

**About Senex**

Senex is a world-class supplier of affordable, reliable and secure natural gas – committed to delivering essential energy for life. The energy we proudly provide is essential to our modern lives and for the thriving communities we serve.

We are also a critical energy provider to Australia's manufacturing industry, supporting thousands of workers who make essential goods – from bricks to plasterboard to glass bottles.

Senex currently contributes around 27 petajoules of natural gas each year into the Australian domestic gas market and, in mid-2022, announced plans to invest more than A\$1 billion to boost natural gas supply for the east coast domestic market through the Atlas gas expansion project. This planned

investment would see Senex producing 60 petajoules (PJ) of natural gas per year, equivalent to more than 10 percent of annual eastern Australian gas demand by the end of 2025.

## Comments on the Issues Paper

Senex encourages:

1. **Governments should prioritise addressing forecast gas shortfalls rather than placing more obligations on gas producers** - The wholesale gas market is central to energy security and energy affordability and the ACCC and AEMO continue to warn of forecast gas shortfalls in the east coast market as early as 2024, at peak times, with structural shortfalls expected from 2028. The need for new gas supply is therefore already understood and should be prioritised by governments and regulators, noting additional monitoring and reporting requirements does not address the need for new supply and is a distraction, for producers, and may in some instances work against this overarching objective.
2. **The new reporting requirements, as they are proposed to apply to gas producers should be deferred for a period due to relevance** – there are clear differences in the maturity and operation of the east coast gas and electricity markets meaning a uniform approach to enhanced market monitoring (and data collection) is not necessarily appropriate. The proposal to collect Gas Supply Agreements (**GSA**) (amongst other things) would provide limited insight into the operation of the AEMO facilitated markets in contrast to the National Electricity Market (**NEM**).

Senex considers that broader gas market efficiency and competition matters are outside the scope of the AER and are being addressed by the ACCC Gas Inquiry. Furthermore, questions on the efficiency and effectiveness of wholesale gas markets should be reviewed by the Australian Energy Market Commission (**AEMC**). In this context, the collection of GSA information (either directly from producers or via the ACCC) would be a redundant exercise and should be reassessed from a legal and practical perspective.

3. **Gas producers require more time to consider the impacts** – Notwithstanding the comments above, NEM participants are likely to have had some notice to consider the issues in advance of this consultation (as the NGL and NGR changes were developed and consulted on). In contrast (and given the significance), gas producers have been focused on the recent gas market intervention and development of the Gas Market Code. Given the situation and to ensure constructive industry engagement, gas producers such as Senex require more time to consider the appropriateness of the changes and to formulate well considered views. Senex recommends the AER consult further specifically with gas producers on the points raised in the Issues Paper.

Following on, Senex has observed an emerging theme on the part of policymakers and regulators to engage industry relatively late in the policy development/regulatory change process. In our view, the direction of change is reasonably well established by the time formal consultation is initiated with stakeholders. This provides little opportunity for movement beyond marginal issues. We view this as an example, where consideration of the applicability of the new AER powers to gas would have benefited from direct early engagement with participants.

4. **The approach taken in the Issues Paper appears to lack a genuine understanding of the current state of reporting for gas producers** - During 2023, Senex undertook a brief stocktake of its various reporting obligations to the ACCC, AER and AEMO. This identified significant duplication, uncoordinated due dates, the requirement to use different “data submission rules” and web-based data “upload” portals. While the AER suggests it intends to minimise the regulatory burden there is no clear plan outlining how this will be delivered. A commitment to establish a central data repository across multiple regulators (with appropriate sharing restrictions) would be an initial start.
5. **Industry requires greater clarity on how the information would be used and for what purpose.** Senex expects that GSAs are a new information set for the AER to consider and it should demonstrate it has the skills and expertise to appropriately interpret the data. We have clear examples of the misinterpretation of data by regulators, which can have unintended regulatory and policy consequences. Furthermore, it is unclear whether there are any regulatory compliance consequences associated with the intended reporting. Senex

supports the AEP stance where information collected as part of the AER's wholesale market monitoring function should not be used for compliance/enforcement purposes.

### Concluding comments

For a range of reasons, Senex recommends the AER reconsiders the immediate applicability of these new powers regarding the east coast gas market. There is clear data collection duplication across the AER and the ACCC as well as market monitoring oversight. If the AER does progress in-line with proposals outlined in the Issues Paper, further direct consultation with gas producers is necessary to ensure this activity is undertaken efficiently and is as "low impact" as possible. We be happy to meet with officers of the AER to discuss any matters raised in this response and please do not hesitate to contact Ms Erin Bledsoe at [erin.bledsoe@senexenergy.com.au](mailto:erin.bledsoe@senexenergy.com.au) if you have any questions.

Yours sincerely

A handwritten signature in cursive script that reads "Erin L Bledsoe".

Erin Bledsoe  
Manager, Regulatory & Compliance  
**Senex Energy Pty Ltd**