

ENHANCED WHOLESALE MARKET MONITORING AND REPORTING GUIDELINE | *EXPOSURE DRAFT*

Australian Energy Producers | 7 August 2024

Australian Energy Producers welcomes the opportunity to provide feedback on the Australian Energy Regulator (AER) *Enhanced Wholesale Market Monitoring and Reporting Guideline* exposure draft.

The east coast wholesale gas market is central to energy security, energy affordability, and emissions reductions efforts for the states which it serves. However, Government action is required to ensure gas supply is available to meet continuing demand.

The Government's Future Gas Strategy is clear that natural gas will play a key role in Australia's energy system "through to 2050 and beyond".¹ However, despite the ongoing importance natural gas production and supply, the Australian Competition & Consumer Commission (ACCC) and Australian Energy Market Operator (AEMO) continue to forecast structural shortfalls in the east coast gas market from as soon as 2027, with shortfalls in periods of peak demand as early as winter 2024.²

Should shortfalls be allowed to eventuate they will have a significant impact on the economy, including risking energy security and exacerbating cost-of-living pressures for all Australian households and businesses. The ACCC states that shortfalls "would place continued upward pressure on prices in the domestic gas market, as well as pressure on the electricity market."³

To address forecast shortfalls, the ACCC highlights "an urgent need to develop new sources of gas production and supply" and that "Governments at all levels should focus on removing unnecessary impediments to developing new gas resources."⁴ The proposed enhanced wholesale gas market monitoring and reporting requirements do not address the barriers to bringing on new gas supply.

While the draft Guideline provides some further detail on the proposed new monitoring and reporting requirements and acknowledge the risk of reporting duplication, concerns remain that the Guideline may increase the regulatory burden on gas producers.

Australian gas producers are already experiencing increased reporting requirements from a range of Federal and State departments and agencies, including the ACCC, AEMO, and AER. Cumulatively, these monitoring and reporting requirements represent a significant and growing administrative burden on gas producers which ultimately translate into higher prices for the gas produced – impacting the economics of domestic gas production and/or

¹ Australian Government, *Future Gas Strategy*, 2024

² ACCC, *Gas Inquiry 2017-2030 – Interim update on east coast gas market June 2024*, 2024

³ ACCC, *Gas Inquiry 2017-2030 – Interim update on east coast gas market December 2023*, 2023

⁴ ACCC, *Gas Inquiry 2017-2030 – Interim update on east coast gas market June 2024*, 2024

increasing the costs of operation for domestic gas users. While it is acknowledged that the Guideline states the aim to minimise duplication with existing reporting requirements, concerns remain that the Guideline may increase the regulatory burden on gas producers. Further, it remains unclear how the proposed new monitoring and reporting requirements differ from the ACCC Gas Inquiry 2017-2030 in terms of aim or scope.

Accordingly, Australian Energy Producers reiterates our recommendations made in response to the *Enhanced Wholesale Market Monitoring and Reporting Guideline Issues Paper*:

- **Governments should prioritise addressing forecast gas shortfalls** rather than adding additional gas market monitoring and reporting.
- **The purpose of the *Wholesale Gas Market Report* needs to be clearly articulated** before additional reporting requirements are imposed on gas producers.
- **The AER should look to use information that is already reported** to other departments and agencies before issuing new requests.
- **Should new requests be unavoidable, they should be harmonised with existing reporting processes**, including with respect to definitions, scope, frequency, reporting period and format.

Australian Energy Producers remains committed to working with the AER and other Government departments and agencies to help identify potential areas of duplication and reporting inefficiencies in the wholesale gas market and to develop potential solutions.