



8 August 2024

Our Reference: APLNG - COR - 1049291

Daniel Boardman
General Manager, Market Surveillance Branch
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Via email to: ContractMarketMonitoring@aer.gov.au

Dear Mr Boardman

Australia Pacific LNG Pty Ltd (**APLNG**) welcomes the opportunity to contribute to the Australian Energy Regulator's (**AER**) consultation on the '*Enhanced Wholesale Market Monitoring and Reporting Guideline*'.

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.

We appreciate the investment the AER has made to engage with industry as it contemplates the expansion of its wholesale market monitoring and reporting (**WMMR**) functions to include the wholesale gas markets and the electricity and gas contract markets. APLNG reiterates the key issues raised in its 3 May 2024 submission (refer attached):

- APLNG supports the AER's commitment to ensure that the execution of its new WMMR functions does not result in duplicative analysis or data requests and will minimise the additional regulatory burden imposed on market participants. APLNG is concerned about the prospect of additional regulatory reporting.
- Since the proposed WMMR functions will likely result in duplicate reporting with other government bodies, APLNG urges the AER to seek a consent framework to enable the AER to receive any duplicate information from other government bodies. To the extent the AER is unable to source the information it needs under data-sharing arrangements with those other government entities, regulators and market operators (**government bodies**), APLNG proposes that a single data request is issued and coordinated on behalf of all relevant government bodies. This would involve aligning the data requests across the issuing government bodies and clearly identifying all the regulations (heads of power) under which the data is being requested *before* data requests are sent to market participants. Such an approach would materially reduce the resource commitment of respondents and ensure that all government bodies are working with the same dataset; thereby reducing the likelihood of conflicting or inconsistent analysis.

APLNG notes the following in respect of this specific consultation:

- The original AER discussion paper raised a number of very detailed questions. A number of those issues remain undefined in the draft guidelines and the explanatory notes. When does the AER propose to address the unresolved issues?
- It is unclear what new conclusions or publications would result from the AER's WMMR function, and what benefit it will add to the substantial work already undertaken by the Australian Competition and Consumer Commission (**ACCC**), the Australian Energy Market Operator (**AEMO**) and the Department of Industry, Science and Resources (**DISR**).

APLNG also notes that the introduction of the ACCC Gas Market Code and AEMO's East Coast Gas Reliability and Supply Adequacy Reforms are having a significant impact on the APLNG business, including:

- A threefold increase in regulatory-specific resources—further cost increases are anticipated.
- Increases in the cost of regulatory and compliance information technology systems and corporate overheads.

In addition to this independent submission, APLNG has also reviewed and supports the consultation response submitted by Australian Energy Producers. More regulatory reporting, monitoring and assessment will not alter the domestic gas supply-demand balance forecasted by the AEMO and ACCC.

Should you have any queries relating to this submission or would like to meet to discuss our recent experiences, please contact Kieran Olsen, Compliance Manager – APLNG, on 0409 464 351 or via email at kieran.olsen@aplng.com.au or compliance@aplng.com.au. We look forward to ongoing engagement with the AER in this space.

Yours sincerely



Manda Goodwin
General Manager – Commercial
Australia Pacific LNG Pty Ltd

Stakeholder feedback template — Enhanced Wholesale Market Monitoring and Reporting Guideline

Stakeholder details

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Date of submission: 30 April 2024

#	Section	Question	Stakeholder submission
Section 3: Our approach to wholesale market monitoring and reporting			
1	3.2	<p>What factors should we consider in integrating contract market data into the structure-conduct-performance framework and our evaluation of wholesale electricity and gas market performance?</p>	<p>At this stage, Australia Pacific LNG Pty Ltd (APLNG) submits that in considering any further evaluation of domestic gas market performance, the most important factor is consistency and harmonisation of regulatory reporting and data requests across all government and regulatory bodies.</p> <p>APLNG considers that the current regulatory landscape for data reporting is not aligned to the government's commitment to good corporate governance and a reduction the regulatory burden placed on business.</p> <p>The current regulatory reporting obligations require a significant investment of resources, much of which is consumed addressing similar-but-not-the-same data requests being issued by different regulatory bodies, for overlapping time-periods.</p> <p>We have provided more on the issue of data-sharing in response to item 9.</p> <p>Government and regulatory bodies, and the market operator, should ensure that any new monitoring and reporting functions bring additional realised benefit to the domestic gas market. The following periodic reports/analysis of the domestic gas industry are already conducted by various Government and regulatory bodies or market operators:</p> <ul style="list-style-type: none"> the Australian Competition and Consumer Commission (ACCC), under the gas inquiry (recently extended until 2030) releases regular reports, in which it assesses the marketing behaviour of participants, competitiveness of the Australian domestic gas market and the short to medium term outlook of domestic gas supply and prices. As part of the gas inquiry, the ACCC also undertakes focus reviews of specific issues impacting the domestic gas market, for example, their recent review of the upstream competition and the timeliness of supply in 2021. The

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			<p>ACCC also administers the mandatory Gas Market Code under which it assesses compliance by collecting commercial information and data relating to negotiations and agreements for the supply of regulated gas between covered suppliers and buyers in the east coast gas market.</p> <ul style="list-style-type: none"> • the Australian Energy Market Operator (AEMO) provides an annual review of gas supply and demand in its Gas Statement of Opportunities (GSOO) report. Every two years, AEMO also assesses whether the Gas Bulletin Board is fit for purpose. • AEMO also collects data to monitor supply and demand trends across the east coast gas system to assess and manage gas supply reliability and adequacy risks through the implementation of the Gas Transparency Measures Reforms and East Coast Gas Reforms. • the Energy and Climate Change Ministerial Council has determined that domestic gas supply and demand be integrated into AEMO's biennial Integrated System Plan. • the Minister for the Department of Industry, Science and Resources (DISR) reviews LNG exporters' compliance with the Heads of Agreement (HoA) each quarter. <p>That is already an average of 9 reports, reviews or assessments of the domestic gas market each year.</p> <p>If AER's new/expanded wholesale market monitoring and reporting role results in the introduction of additional or duplicative reporting or data requests, and thus an increase to the already considerable regulatory and administrative burden on market participants, it should articulate and demonstrate material additional public benefit that differentiates from any existing widespread market inquiries and reviews.</p>
2	3.3	<p>What are your views on our proposed key areas for assessment:</p> <ul style="list-style-type: none"> • market liquidity 	<p>APLNG considers that where possible, the AER should seek to conduct its assessment—whatever its focus—with information that is currently being collected by other regulatory bodies. Where possible, the AER</p>

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		<ul style="list-style-type: none"> • access to markets and barriers to entry and participation • incentives for offer behaviour • risk positions <p>Are there additional areas or types of information we should consider? If so, please advise.</p>	<p>should also seek to align its metrics and information to be collected with that of existing Government and regulatory bodies, and market operators.</p> <p>We also note that it may be useful for the AER to provide industry with draft questions, or more specific examples of how these proposed key areas would be assessed, to allow industry to provide more helpful guidance as to whether the data being requested will provide the answers sought.</p>
3		What are your views on specific metrics that would be valuable for addressing the proposed key areas?	APLNG considers that where possible, the AER should seek to align its metrics and information to be collected with what is currently being used by other Government and regulatory bodies and market operators.
4		The Guidelines must include a list of the information that we are likely to collect routinely. What do you consider should be collected routinely, and why?	We also note that it may be useful for the AER to provide industry with draft questions or more specific examples of specific metrics the AER is considering to allow industry to provide more helpful guidance as to whether the data being requested will provide the answers sought.
5		The Guidelines must include the types and classes of information that we do not expect to request. What do you consider should be on that list, and why?	
6		The Guidelines must include a minimum threshold, below which we will not collect information, for contracted quantity of gas for bilateral trading agreements made between a retailer and an end user. What would be a reasonable minimum contract volume, and why?	No response.
Section 4: Wholesale market information collection			
7	4.1.2	What are your views on our proposal to take a targeted incremental approach to information collection for our enhanced wholesale market monitoring and reporting functions?	<p>While APLNG questions the need for any additional information to be collected, it supports a targeted incremental approach to information collection where the nature of the approach (as much as possible):</p> <ul style="list-style-type: none"> • only seeks information that is not currently available in the public domain or already collected by other government or regulatory bodies

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			<ul style="list-style-type: none"> • harmonises the timing, form and function of the proposed requests with existing regulatory notices and reporting requirements • provides industry with sufficient notice for consultation and feedback • provides industry with sufficient notice periods to respond • aligns, standardises and schedules the timing of these requests (i.e. not ad hoc) • engages with industry to refine the reporting format, questions, timeframes and definitions to ensure that the most appropriate information is being captured.
8	4.1.3	<p>We are engaging with ASIC and the ACCC regarding sharing information. Are you aware of any other agencies or organisations that collect information that may meet the needs of our wholesale market monitoring and reporting function? If so, please advise</p>	<p>In addition to ASIC and the ACCC, we propose the AER considers developing information sharing arrangements with AEMO, DISR, DCCEE and the Clean Energy Regulator for the following reasons:</p> <ul style="list-style-type: none"> • AEMO facilitates the Bulletin Board and the AEMO Hub Trading Platform and already collects extensive information to inform its annual GSOO report, assessment of gas supply adequacy and reliability in east coast gas system and publishes periodic market reports including, the Benchmark Price Report, Daily Transaction Summary Report and Capacity Trading Reports; • DISR, AEMO and the ACCC already collects market data and provides the Minister for Resources information and advice on Australia's forecast domestic gas supply and demand for the purposes of administering the Australian Domestic Gas Security Mechanism. • The Clean Energy Regulator administers the National Greenhouse & Energy Report Scheme and already collects extensive greenhouse emission and energy data.

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9		<p>If information sharing between regulatory agencies is not feasible (including for external reporting), would you want us to:</p> <ul style="list-style-type: none"> • explore a consent framework for information received from other regulatory agencies? If so, please advise what key components would need to be considered. • seek to harmonise our information requests with those made by other regulatory agencies? 	<p>(Refer to figure 5)</p> <p>In order of preference, APLNG considers the following options for reducing the regulatory burden of data requests should be explored by AER and other Government entities, regulators and operators:</p> <ul style="list-style-type: none"> - data-sharing - combined data requests - data request harmonisation. <p><i>Data-sharing</i></p> <p>APLNG is of the view that the AER (and other government, regulatory and market bodies) should be seeking to share information requested. This would reduce the need for similar data requests to be compiled, quality assured and submitted multiple times.</p> <p><i>Combined data requests</i></p> <p>Should data-sharing be untenable, Government and regulatory body and market operator data requests should be combined into single requests, potentially under multiple-heads of power. APLNG considers it to be the responsibility of the entities involved—the ACCC, AEMO and the AER—to make this possible.</p> <p>We are aware that this would require collaboration and communication across agencies. However, given the significant resources that industry is expending to respond to the current patchwork of overlapping, but not quite the same, data requests being issued, we request that agencies tasked with monitoring and regulating the domestic gas market, ensure their own processes optimise the efficiency of regulatory functions and minimize the corresponding burden on industry.</p> <p><i>Data-request harmonization</i></p>

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			<p>Should data sharing and combined data requests both be unachievable, then APLNG considers that, at an absolute minimum, the AER and other government and regulatory bodies, and market operators should harmonise the content of their individual data and reporting requests, specifically:</p> <ul style="list-style-type: none"> • intervals for requested data • requested items • specific wording of requests • definitions • field validation rules; and • minimum/maximum limits (where applicable). <p>Any of these three options would considerably reduce the domestic gas market regulatory reporting burden for individual market participants.</p> <p><i>Consent Framework</i></p> <p>Since the types and classes of information the AER may collect from APLNG under this regime are likely to contain the confidential information of third parties to whom APLNG owes contractual confidentiality obligations and, which may not be disclosed without prior consent, APLNG cannot support the introduction of a consent framework at this point in time. APLNG considers that data sharing and collection efficiency will be better achieved through the options proposed above.</p>
10		<p>Are there any other methods of facilitating information sharing or coordination that we could explore? If so, please advise.</p>	<p>APLNG has engaged with various agencies with related reporting requirements regarding the extent of overlap and duplication in data requests. Given some of the jurisdictional limitations, it may be appropriate for the Government to establish a group such as an Inter Departmental Committee charged with working together to identify</p>

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			opportunities to improve the efficiency of data requests, minimise reporting burden and reduce additional costs.
11	4.2.1	<p>How can we enable efficient information collection that optimally balances value and burden? Including for the:</p> <ul style="list-style-type: none"> • format of information collection • frequency of information collection • granularity of information collected. <p>Please provide your response specific to different contract types and/or participant characteristics, where relevant.</p>	See response to items 7 and 9.
12		What are your views on the granular approach taken for DMO 5 and 6 information collection?	No response.
13		What historical information do you consider would be most valuable for understanding the contract market and providing perspective for current and future market performance?	No response.
14	4.2.2	With consideration for (but not limited to) the methods raised in section 4.2, how could we minimise participant burden associated with historical information collection?	<p>APLNG suggests that, should data-sharing not be possible, the simplest way to acquire historical information would be for AER to request submissions previously disclosed by market participants under ACCC 95ZK notices for the relevant period in the identical form.</p> <p>Any other approach will require a material resource investment by individual market participants to re-extract, quality assure and submit a 'new' dataset.</p> <p>This new dataset, would arguably offer little value to AER, given:</p> <ul style="list-style-type: none"> • the material changes that have occurred to both the function of the domestic gas market and in market behaviour in recent years; and • the extensive monitoring and analysis already undertaken by the ACCC for the period in question.

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15	4.2.3	What factors should we assess when considering an anticipated disclosure?	Redacted
16		Do the confidentiality, disclosure and procedural fairness measures pose any risks to participants? If so, what are they?	No response.