



**Australian Pipelines
& Gas Association**

T 02 6273 0577

F 02 6273 0588

W www.apga.org.au

A 1st Floor,

7 National Circuit

Barton ACT 2600

PO Box 5416,

Kingston ACT 2604

17 December 2020

Via email gas@environment.gov.au

APGA SUBMISSION: MEASURES TO IMPROVE TRANSPARENCY IN THE GAS MARKET

The Australian Pipelines and Gas Association (APGA) welcomes the opportunity to comment on the proposed legal package to give effect to the Transparency Measures Decision RIS.

APGA is the industry body representing the owners, operators, designers, constructors and service providers of Australia's high-pressure gas transmission infrastructure. Australia has around 41,000km of high-pressure pipelines, with a replacement value of over \$50 billion. Gas is a critical part of Australia's energy mix, providing more end-use energy to the Australian economy than electricity.

Overall, APGA welcomes efforts to improve transparency in the gas sector provided that these result in net benefit to consumers. In this submission, APGA will limit its substantive comments to the recommendations of direct relevance to gas transmission infrastructure in two key areas: reporting "proposed" and "committed" developments on the Gas Bulletin Board (GBB); and the mandatory GSOO Survey.

Key issues

Reporting "proposed" and "confirmed" projects

- The key measure in the Decision RIS impacting gas transmission pipelines is a requirement for pipeline developers to report "proposed" and "committed" developments for publication on the GBB.
- Our key concern is that "proposed" projects should not have to be reported before they have been publicly announced.
- The consultation paper does not contain information on the specific threshold criteria for reporting a facility project to the GBB; we therefore see a risk that the criteria may set out requirements that dictate the timing of public announcements outside of a developer's normal timetable. For example, in the case of ASX listed pipeline companies, their GBB reporting requirements should not require them to disclose a project before they are required to disclose that project to the share market under the strict ASX listing rules.
- To ensure that pipeline developers retain control over the timing of project announcements, the basic criterion for the requirement to report a proposed project on the GBB is that it must have been publicly announced.

- With regard to the reporting of technical information such as nameplate capacity, there is a need to recognise that such information in the early stages of a project is based on estimates and is therefore subject to change as the development progresses.
- Although APGA agrees that a 10TJ nameplate capacity is an appropriate threshold for determining which projects should be reported for publication on the GBB, we don't think it is a practical benchmark for reporting "proposed" projects. This is because capacity information is unlikely to have been firmed up at the time of the initial public announcement.
- An example of an approach that reflects APGA's position is the criteria used by AEMO to update the monthly NEM Generation Information reports on the AEMO [Electricity] Generation Information Page. For these reports, new production and transmission projects fall into one of six 'Commitment Status' categories (two "committed" and four "proposed").
- The lowest category of "proposed" project is one which has been "publicly announced" - defined as "These projects have been announced publicly, but do not yet have any finance arrangements in place".
- This type of framework lends itself to projects being publicly announced in the absence of technical details such as sizing. This is compatible with the technical and commercial realities of gas pipeline projects.
- An example of the type of reporting that meets these "proposed" project eligibility criteria is the linked document from APA Group about the Port Kembla to Wilton pipeline. <https://www.apa.com.au/about-apa/our-projects/port-kembla-to-wilton-pipeline/> This is an example of a publicly announced proposed pipeline project that does not yet include firm technical details like nameplate capacity.
- APGA is happy with the list of information categories that entities developing new infrastructure will be required to report – as set out in section 8.1 of the consultation paper. However, explicit recognition of the fact that technical information for proposed developments, such as nameplate capacity, is based on estimates and is therefore subject to change is required. Pipeline developers will need to provide updates to reported information as the development progresses.
- For the requirement to report "stage of development, applying an assessment framework determined by AEMO", we think the ESOO 'Commitment Status' categories used by AEMO to update the monthly NEM Generation Information reports on the AEMO [Electricity] Generation Information Page should be adapted for this purpose. It is better to use these already well-established criteria than to seek to develop an entirely new set of criteria.
- This is subject to the caveat that the basic criterion for a requirement to report "proposed" project information on the GBB is that it must have been publicly announced.

Mandatory GSOO Survey

- APGA is concerned about the introduction of a mandatory GSOO survey. However, ultimately APGA's concerns will depend on the details of the specific survey questions – which are not included in the draft rules.

- AEMO is not a regulator and should not be able to coerce information from a company for the GSOO.
- A GSOO reporting entity will be required to provide AEMO information in relation to the gas industry that the entity has “in its possession or control” – this is too broad and uncertain, and amounts to a substantial compliance burden.
- For example, many GSOO reporting entities will be in possession of commercially sensitive information regarding potential investments that have not yet been finalised or announced, so this information should not be coercible through the GSOO Survey.
- Investment in Australia’s gas industry is highly competitive and a company’s forecasts, early plans or project information is very sensitive, and premature disclosure may result in significant commercial loss and/or damage, without any compensating benefit to consumers. There should be some protection for a GSOO reporting entity to not disclose information that is commercial or competitive in nature when responding to a GSOO survey.
- There is provision for protected information to be disclosed only on an anonymised and aggregated basis, but this is unlikely to provide sufficient protection for pipelines.
- The only exception to the requirement to report information to the GSOO is if it is subject to legal professional privilege or if it is incriminating. APGA considers this exception to be too narrow.

Yours sincerely

STEVE DAVIES
Chief Executive Officer