

Dr Kris Funston
Executive General Manager
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Lodged by email: pipelineFOR@aer.gov.au

Re: APA Submission to the proposed amendments to the Pipeline Regulatory Determinations and Elections Guide

Dear Mr Funston,

Thank you for the opportunity to comment on the proposed amendments to the Pipeline Regulatory Determinations and Elections Guide (proposed amendments) published by the AER on 15 March 2024.

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. As well as a network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and over 692 MW of renewable generation and battery storage infrastructure.

We support the transition to a lower carbon future. In August 2022, we published our inaugural Climate Transition Plan which outlines our commitments to support Australia's energy transition and pathway to net zero operations emissions by 2050. To support the energy transition, APA expects to undertake future investment in energy infrastructure, including gas pipelines.

Gas infrastructure providers operate in a competitive market with pipeline investment underpinned by bespoke contracts between customers and the pipeline infrastructure provider. Under this contract carriage model, short term and long term contracts support the operation of the market and the efficient expansion of transmission pipelines and other infrastructure when needed. Bilateral negotiation between parties drives investment, which is ultimately based on the needs of the customer.

These arrangements have supported the efficient and incremental expansion of gas infrastructure and ensured that gas is delivered when and where it is needed. Since 2021, APA has announced and undertaken two expansions of the east coast grid to meet customer demand and support energy needs in southern markets.

The Form of Regulation review being conducted on the South-West Queensland Pipeline (SWQP) has created significant uncertainty for APA, investors and customers. This is because there is now uncertainty regarding the regulatory framework that will apply to: future investment, the way the AER will consider future investment should the SWQP become a scheme pipeline, and the expected returns on any investment.

Commencement of this review also comes at a time where nimble investment in gas infrastructure will be critical to meet, and transport, future gas demand. As outlined by the 2024 Gas Statement of Opportunities, domestic gas demand remains resilient in all forecast scenarios, highlighting the important role of gas in the energy transition.

APA is working collaboratively with the AER in respect of the SWQP Form of Regulation review, and we recognise that this is the first Form of Regulation review under the amended laws. We appreciate that the AER is continuing to look for improvements to the process, as indicated by the proposed amendments. We consider that further amendments could be made to improve the Form of Regulation process for all stakeholders:

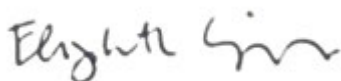
- **Notice and information requests:** if the AER issues a compulsory notice to obtain information, a longer consultation period on a draft notice will ensure a better outcome for both the AER and the service provider. We suggest that the service provider be given 20 business days to provide comments

on a draft notice, consistent with the approach for regulatory information notices under section 46 of the National Gas Law.

- **Timeframe for written submissions:** the proposed amendments indicate that stakeholders will be given 15 business days to make written submissions on the initial consultation paper and draft decision. We are of the view that this timeframe is too short, and we have received similar comments from external stakeholders in respect of the time permitted to respond to the Discussion Paper in the SWQP Form of Regulation Review. We suggest that stakeholders are provided with at least 30 business days to make submissions. This would be more consistent with submission timeframes for similar regulatory processes (such as responding to issues papers at the commencement of access arrangement and revenue determination processes)
- **Public forum:** as part of access arrangement and revenue determination processes, the AER routinely holds public forums for stakeholders to provide their views. We suggest that a public forum is held following receipt of submissions to both the initial consultation paper and draft decision, and that these public forums are included as part of the SWQP Form of Regulation review process. This is also an issue that external stakeholders have raised with us recently.

We hope these suggestions are of assistance. If you have any questions about our submission, please contact John Skinner on [REDACTED] or [REDACTED].

Regards,



Beth Griggs
General Manager, Economic Regulation and External Policy
Strategy and Corporate Development