

19 January 2026

Australian Energy Regulator
By email: ResetCoord@aer.gov.au.

Dear Reset Coordinator

APA Submission to the Australian Energy Regulator Rule 80 Application – South West Pipeline Expansion

APA wishes to thank the Australian Energy Regulator (AER) for convening the recent public forum on our Rule 80 application for the expansion of the South West Pipeline (SWP). We appreciated the opportunity to present our proposal and to hear the perspectives of other stakeholders.

The Australian Energy Market Operator (AEMO) has forecast increasing gas supply risks across southern Australia and identified two distinct types of potential shortfalls:

- Seasonal shortfalls during winter, driven by depleted storage levels; and
- Insufficient supply capacity to meet system and gas-powered generation (GPG) requirements on peak demand days.

AEMO's analysis indicates that seasonal shortfall risks could emerge as early as winter 2028, requiring timely investment to maintain Victoria's energy security. APA's proposal directly responds to this emerging challenge.

Our proposed compression-based expansion of the SWP enables more effective use of the planned expansion of Iona Underground Storage Facility and materially strengthens Victoria's resilience during high-demand periods. Compared with alternative augmentation options, our proposed option offers:

- Earlier delivery, enabling risks to be addressed within required timeframes; and
- Lower capital cost and complexity, supporting prudent and efficient investment.

APA considers this approach to be prudent and efficient and to meet the requirements of the National Gas Objective by promoting the long-term interests of consumers through timely, cost-effective and flexible capacity expansion.

Under the National Gas Rules, any proposed capital expenditure must satisfy the Rule 79 new capital expenditure criteria, demonstrating that it is both prudent and efficient. Consistent with these obligations, APA traditionally proposes VTS expansions only where capacity is required to support projects that have reached Final Investment Decision (FID). APA remains open to engaging with other stakeholders to better understand their potential project requirements and future capacity needs.

Importantly, APA's option does not preclude further investment, such as pipeline looping to address longer-term supply gaps, which APA is considering as part of a staged approach to expanding the SWP.

Victoria's declared gas market framework requires APA, as owner of the Victorian Transmission System (VTS), to operate under a Service Envelope Agreement (SEA) with AEMO. Under the SEA:

- APA provides transportation services and must ensure the VTS is continuously available to AEMO in accordance the requirements of Good Practice; and
- Any proposed changes to system capacity resulting from augmentation must be mutually agreed by both APA and AEMO.

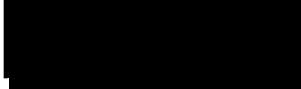
At the December public forum, AEMO presented a series of augmentation options and outlined potential interactions with other projects, including those relating to GPG. Given AEMO's extensive information-gathering powers, APA would welcome opportunities for enhanced information sharing to better understand the assumptions and data inputs underlying AEMO's modelled scenarios.

AEMO raised concerns during the forum regarding the reliability of APA's compression-based option. These matters fall within the scope of the SEA and are currently being progressed through ongoing engagement between APA and AEMO. APA is committed to fully understanding and addressing any issues identified.

APA remains committed to working collaboratively with the AER, AEMO, and all stakeholders to deliver timely, cost-effective and efficient solutions that safeguard Victoria's energy security.

We look forward to continuing our engagement with the AER and stakeholders as our proposal progresses.

Yours sincerely,



Beth Griggs
Group Executive,
Legal, Governance & Regulatory