19 January 2026

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

Dear AER,

Re: APA Victorian Transmission System - Rule 80 application for the expansion of the South West Pipeline

Amplitude Energy (AEL) welcomes the opportunity to provide feedback on APA's Rule 80 application for the expansion of the South West Pipeline (SWP).

AEMO's 2025 Gas Statement of Opportunities (GSOO) and Victorian Gas Planning Report (VGPR) forecast material supply shortfalls in Victoria from 2028 onwards[1]. These risks could increase substantially if gas-powered generation needs surge – such as during period of high coal generation outages, similar to those experienced in 2022 and 2024. Without timely action, Victoria faces a serious threat to energy reliability.

The Otway Basin holds prospective resources exceeding 1,000 PJ[2]. Over $1 billion is currently being invested over 2025 and 2026 in offshore drilling activities aimed at bringing these resources into production. While substantial new supply is being advanced, the constrained capacity of the SWP prevents this supply from reaching the Melbourne demand centre during peak demand periods. Port Campbell gas supply facilities have a combined capacity of 925 TJ/d[3], yet the SWP can transport only 523 TJ/d[4], leaving up to 402 TJ/d unable to reach Melbourne. AEMO's supply-demand modelling does not assume development of prospective resources; however if the SWP was expanded, new Otway supply currently being developed could address Victoria's emerging shortfall. To ensure a more accurate representation of the future gas outlook, this prospective supply should be included in the GSOO and VGPR forecast.

AEL recommends the SWP be expanded as soon as possible closer to the gas supply facility nameplate of 925 TJ/d. We support APA's Rule 80 application to expand the SWP with additional compressors and urges the AER to approve it promptly. We also urge APA to progress a further application under rule 80 of the NGR to support full looping of the SWP. Full looping will deliver increased capacity, greater operational redundancy and unlock the potential for additional GPG investment.

Domestic Supply from the Otway

The offshore Otway Basin has identified prospective resources well in excess of 1,000 PJ[5] and remains relatively underexplored. The basin is currently undergoing a transformative second stage of exploration. The current offshore drilling program involves over $1 billion in investment to bring these resources to production.

Amplitude Energy is developing additional forthcoming supply to sustain higher production rates over multiple decades. The Transocean Equinox drilling rig is currently undertaking exploration drilling in the Otway Basin for the drilling consortium – AEL, Beach Energy and ConocoPhillips. AEL, in partnership with O.G Energy, has committed to the East Coast Supply Project (ECSP) drilling program. ESCP is a brownfield gas development located in the Otway Basin,

[1] AEMO, Victorian Gas Planning Report, March 2025.

[2] Geoscience Australia, Australia's Energy Commodity Resource 2024: Gas, 15 July 2024.

[3] Iona nameplate of 570 TJ/d, Otway nameplate of 205 TJ/d and Athena Gas Plant Nameplate of 150 TJ/d (currently limited by well production): AEMO, AEMO Gas Bulletin Board, Nameplate Rating (Current).

[4] AEMO, AEMO Gas Bulletin Board, Nameplate Rating (Current), 14 January 2026.

[5] Geoscience Australia, Australia's Energy Commodity Resource 2024: Gas, 15 July 2024.

offshore Victoria, leveraging existing Casino-Henry-Netherby (CHN) infrastructure and the Athena Gas Plant (AGP) to minimise both environmental impact and capital expenditure.

The project comprises drilling four high-quality prospects and completing up to four wells as production wells on success:

- Annie-2 (development well)
- Isabella E-1ST1 (sidetrack from Elanora-1)
- Juliet-1 (exploration/development)
- Nestor-1 (exploration/development)

The ESCP targets high-quality Waarre C gas reservoirs with proven productivity and a gross mean un-risked prospective resource of 358 Bcf. The exploration wells target reservoirs with strong seismic amplitudes, indicating high confidence in finding gas. The respective chance of geological success at each well is: Juliet (84%), Nestor (81%) and Isabella (70%). Jointly, this means that we have a >99.7% chance of at least one gas discovery. Annie is a discovered resource with excellent reservoir quality.

These wells will be tied back to CHN subsea infrastructure via new flowlines and umbilicals and processed at the existing Athena Gas Plant. With an existing nameplate capacity of 150 TJ/d the gas plant requires minimal modifications. Current production at Athena is approximately 15 TJ/d, and the ECSP is expected to bring on supply of up to 90 TJ/d until the mid-2030s with the potential to run at 150 TJ/d during peak demand periods. Given the high probability of success, circa 90% of the funding for the subsea infrastructure has already been committed to fast-track well completion and achieve first gas from as early as 2028. Amplitude Energy is also in advanced discussions to secure long-term gas offtake agreements, with final FID expected in Q1 2026.

Given the advanced stage of investment and the upcoming FID, this supply project should be included in the SWP expansion, with AEL to update the AER once FID is complete.

In the longer term, Amplitude Energy has a significant portfolio of projects that can backfill and maintain high production rates well into the 2030s and 2040s. Table 1 summarises AEL's forward development plan in the Otway Basin, while Figure 1 and Figure 2 highlight the substantial remaining prospective resources. These resources are expected to enable the Athena Gas Plant to continue operating at production rates of 90 to 150 TJ/d through to the 2040s.

In addition, both AEL and BPT are investing in gas storage, beyond gas production activities, to provide late-life backfill for the wells. Similarly, AEL is also investing the opportunity for gas storage assets in the Gippsland Basin at the Otway Gas Plant.

The large amount of investment in the prospective basin will ensure high utilisation of an expanded SWP for decades to come.

Table 1 Summary and description of future ECSP expansion

Development phase	Prospects	Indicative production timing, on exploration success	Production through to
ECSP (Otway Phase 3)	• Elanora, Isabella, Juliet and Nestor exploration • All amplitude supported • Annie, Isabella, Juliet and Nestor development	2028	2040s
Potential Otway Phase 4	• Elanora development	Early-mid 2030's	2040s
Potential Otway Phase 5	• Heera, Pecten East Updip exploration, amplitude supported	Mid-late 2030's	2040s

Figure 1 Illustrative production growth profile, on success (100% gross, TJ/d)

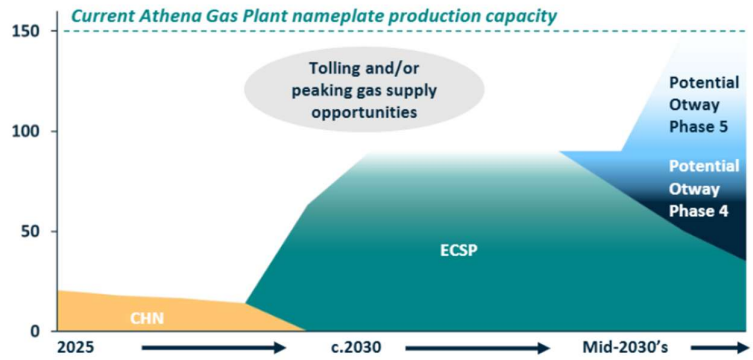
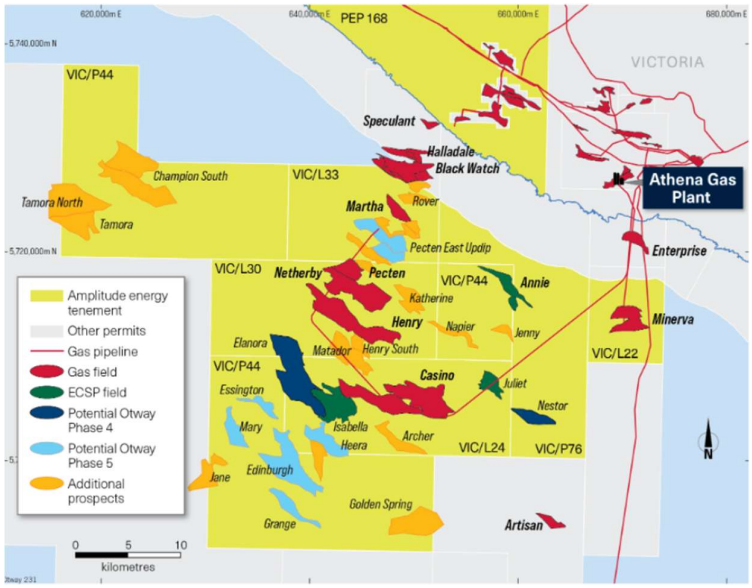


Figure 2 Potential Otway growth phases



Other companies are also undertaking significant exploration activities to bring new gas to market in the Otway Basin. Details of potential projects include:

- The Conoco Phillips Joint Venture has successfully discovered 262 Bcf of gas at the Essington-1 well[6] and 93 Bcf of gas at the Charlemont-1 well[7].
- Beach Energy are drilling and completing the La-bella 2 development well, with prospective resources of 255 Bcf[8], and is also completing the Artisian discovery.
- Lochard has reached FID on the Heytesbury project, increasing injection capacity from 570 to 615 TJ/d. Lochard has also identified further potential expansions of 6.4 PJ, or an additional 45 TJ/d of injection capacity, if the SWP is expanded and there is market support.

As part of the Victorian Government's energy strategy, new offshore exploration acreage has been released. This will create further opportunities to unlock new petroleum resources and support sustained production in the Port Campbell region for decades to come.

[6] 3D Energy Limited, ASX Announcement Gas Discovery Confirmed at Essington-1, 20 November 2025.
[7] 3D Energi Limited, ASX Announcement Charlemont-1 Intersects Gas in Waarre Reservoirs, 7 January 2026.
[8] 3D Energi Limited, ASX Announcement East Coast Gas VIC/P79 Prospective Resource Update, pg. 4, 8 March 2023.

Alternative supply options to meet Victorian demand, such as LNG imports or gas from QLD are both more expensive and have higher emissions than domestic Otway Basin production[9,10]. Otway gas is located just 100km from market and avoids the risks of ocean transport or shipping gas over 1,000 km from Queensland. Without expansion of the SWP, this additional supply is likely to flow west to South Australia rather than serving the Victorian market where it is most needed.

Given the existing Otway and Athena Gas Plants available processing capacity, fully looping and future-proofing the SWP represents a prudent and cost-effective investment to ensure Victorian supply.

Current Commercial Challenges

The current constraints on the SWP lead to higher costs for consumers and create commercial challenges for both producers and contracting parties. As reliance on gas from Port Campbell increases, these constraints are expected to worsen. These additional costs due to constraints in the SWP lead to higher costs for all gas consumers.

- On high demand days, when the SWP is constrained cheaper western gas supply can be replaced in the operational schedule with more expensive gas supply from interstate points or Dandenong (out-of-merit-order injections). For example, from 18 to 21 June 2024 the SWP was constrained, with significant amounts of cheaper Western Victoria gas unable to be supplied in-line with the normal market schedule. This triggered ancillary payments of approx. $1m in 4 days[11], in addition to the high market prices on these days.
- Market Participants purchase capacity certificates (tie-breaking rights) to ensure they are scheduled ahead of others when the pipeline is constrained. The capacity certificate auction run in November 2025, saw auction results of $22/GJ for SWP injection capacity during winter ($0.18/GJ/day), which extrapolates to $3m/year spent on securing these rights on the SWP.
- To ensure Market Participants are scheduled ahead they regularly price their gas at $0/GJ to ensure the gas is scheduled into the market.

The costs arising from a constrained SWP would ultimately be passed on to consumers and should therefore be factored into the economic assessment of any expansion. In the absence of available pipeline capacity or committed projects, Amplitude Energy has observed that customers are hesitant to contract gas supply or invest in new projects. Securing project funding and achieving FID for new gas developments requires firm commitments from customers through gas supply agreements. Expanding and future-proofing the SWP ahead of these projects reaching FID is essential to stimulate investment and ensure that affordable domestic gas can reach the Victorian market.

Recommendations

AEL considers it critical that the AER urgently approve APA's Part 80 business case: Compression Option to ensure additional SWP domestic gas capacity is available before winter 2028. Approval of this project aligns with the National Gas Objective and the long-term interests of customers by:

- **Supporting lower-emissions gas:** Alternate sources such as LNG and Queensland gas have higher emissions than Otway gas delivered on the SWP.
- **Providing lower-cost gas:** These alternate sources are more expensive and SWP constraints also lead to higher costs.
- **Ensuring energy security:** Victoria requires additional gas by 2028, and domestic supply delivered via the SWP is more reliable than Queensland gas transported over thousands of kilometres or LNG imports.

Given the challenges associated with land approvals and the delays observed with the WORM pipeline looping, there is a significant risk that full looping will not be completed in time. Advancing the compressor option is the only way to guarantee sufficient gas supply to Victorians in the short term.

In the longer term, AEL supports the AER submitting a business case for full pipeline looping. Given this long-lead time this also needs to be progressed urgently. Future-proofing the SWP through approval of full looping will enable additional Otway Basin production to reach the market and encourage investment in lower-cost, lower-emissions domestic gas.

[9] CSIRO, Greenhouse gas emissions from the liquefied natural gas industry in Australia, July 2019.
[10] ACIL Allen, The economic contribution of Amplitude Energy, November 2024.
[11] AER, Significant price variation report – 19 & 21 June 2024 High Ancillary Payments Victorian Declared Wholesale Gas Market, August 2024.

Options	AEL Recommendation	Comment
Compressors Option	• Approve APA's Part 80 proposal	• APA's Part 80 business proposal is the minimum requirement to ensure system security using available, reliable and domestic gas production • Progressing only a pipeline looping option holds significant risk of not being delivered on time (EIS and land approvals).
Partial/Full Looping	• AEL recommends the pipeline looping option is progressed by APA as soon as possible and in parallel with the compressor development	• Encourages investment in domestic gas in the lower cost basin • Maximises the SWP injection capacity • Facilitates future gas-powered generation demand
Do Nothing	• Not acceptable	• Risk of winter peak shortfalls will remain: will not ensure safety and security reliability for customers • Commercial challenges and costs of constrained pipeline will continue to worsen for customers • Gas will be sourced from alternative higher cost and higher emission supply sources (LNG imports or QLD gas)

Yours sincerely,

[redacted]

Eddy Glavas
Chief Commercial Officer
Amplitude Energy Limited