To: **Australian Energy Regulator**
From: **Monique Corban, Viva Energy**
Date: **5th January 2026**
Subject: **Viva Energy response to APA Application under NGR Rule 80, 30 October 2025**

To whom it may concern,

Viva Energy has reviewed the APA Victorian Transmission System Rule 80 application for the expansion of the South West Pipeline (SWP). Viva Energy would like to provide feedback on this proposal under four categories as follows:

A) Impact of the proposed augmentation on tariffs

Viva Energy requests more detail on how the capital and operating costs will be allocated to users of the Victorian Transmission System (VTS). Viva Energy's view is that only those who benefit from the proposed augmentation should be charged for it.

B) Timing of shortfall in capacity

Viva Energy understands that APA is proposing the compression option due to a predicted capacity shortfall in 2028. Viva Energy requests APA, AEMO and the AER to ensure that the assumptions underpinning this prediction are still correct.

C) VTS Network Planning

As planner of the VTS, Viva Energy requests APA to present a 5-10 year plan for the VTS which includes a cost/benefit analysis of the various VTS augmentation options that align with various proposed projects. Viva Energy also requests APA and the AER to consider how the proposed SWP augmentation fits within future potential augmentation options.

D) Import Terminals and Security of Supply

While security of LNG supply related to the availability of FSRU fleet was not mentioned in this APA Rule 80 application, Viva Energy notes that this issue was raised in discussions of the 2023-2027 access arrangement. Viva Energy advises that there is no shortage of FSRU capability currently (within appropriate lead time) and that LNG is a globally traded commodity with deep liquidity.

These points are now discussed in more detail.

Impact of the proposed augmentation project on tariffs

Viva Energy is one of Victoria's largest gas users and operates a major trade exposed manufacturing facility in Geelong (one of only two refineries remaining in Australia) with an annual gas bill exceeding $50M. As such Viva Energy is highly sensitive to any further increases in the price of gas.

Firstly, Viva Energy encourages independent verification of the cost estimates provided in the Rule 80 application. We cannot support a 'blank cheque' being issued to APA for any project of this nature where little incentive rests with the project developer to deliver best practice results.

Secondly, and related to the first matter, Viva Energy requests that APA advise how the capital and operating costs of the new compressors are proposed to be allocated and recovered across the existing and any future VTS tariff structure. Viva Energy believes that only users and beneficiaries of the new compressors should be charged for their installation and use. This principle of cost recovery would also help best ensure infrastructure investment and delivery is in line with market user needs. Ensuring an efficient and directed VTS tariff recovery mechanism would ensure that only those injecting at Port Campbell and directing gas to Melbourne would be charged for any recovery of the capital or operating costs arising from this proposal.

In contrast, we note that Viva Energy's proposed gas terminal, which will inject gas at Lara, and result in a significant increase in the SWP capacity, will not need any immediate capital spend on the SWP. The benefits delivered from our project are also scalable with future augmentation options that would bring further capacity increases to the SWP sufficient to meet the future needs of all the southern markets.

Within the VTS tariff consultative forum, which is ongoing, Viva Energy has supported simplification of the current VTS tariff recovery structure. We have advocated that this tariff structure be simplified toward a 'zonal' tariff approach to ensure that individual corporate benefit is not socialised against the entire user network. A zonal tariff approach would allow design and planning toward optimal and necessary capital investment.

Timing of shortfall in capacity

The Rule 80 application presents both compressor and looping options and recommends the compression option due to the urgency of solving predicted shortfalls in supply adequacy from 2028.

The Rule 80 application states the following:

- The compression option is chosen due to a 'faster delivery timeline (operational by winter 2028) to ensure security of supply'
- The Rule 80 application has been proposed given the 'urgency of the 2028 shortfall'
- The Rule 80 Application, Section 2.1, states that the 2025 GSOO forecasts risks of peak day shortfalls from 2028 and structural supply gaps emerging from 2029 in Southern Australia

Amongst other supply and demand assumptions, Viva Energy understands that the data presented in the 2025 GSOO was based on the Eraring power station shutting down in 2027, which is now viewed as unlikely. Viva Energy also understands that other dynamics of supply and demand (more supply and less demand) have shifted, with the combined result that the market urgency of the 2028 solution may be an unnecessary driver for this project being presented as the only option.

Viva Energy recommends that AEMO updates its basis of GSOO and VGPR planning to validate the timing and urgency of this proposal.

DTS Network Planning

APA states in the Rule 80 application that 'given that only one project has reached FID, APA VTS has limited scope to respond to the identified shortfalls under the current Rule 79 investment prudency requirements.' While Viva Energy understands that it is prudent for APA VTS to invest in capital that supports industry projects that are real and not speculative, Viva Energy also believes that it is prudent to

demonstrate how any VTS investment fits within a longer-term plan of sequenced investments or augmentations to the VTS.

Viva Energy requests APA presents a 5-10 year plan that considers:

- The outlook beyond the closure of the Longford Gas plant. Currently Longford can supply close to 700 TJ/d of gas. In 2029 this is predicted to be reduced to 300 TJ/d and in 2034 this is predicted to be 0 TJ/d. Therefore, VTS augmentations need to consider the location and magnitude of any new supply sources.
- VTS augmentations required (if any) for various proposed projects that increase supply. Capital cost, operating cost, benefit to the network considering additional capacity and supply versus required capacity and supply, and project schedule should be considered.

This analysis is required to confirm if the proposed option is the logical first step, and that it is compatible with additional, subsequent projects. When considering the best use of capital and operating funds, which will in turn be passed on to the gas customer through the tariff system, a case should be presented as to why this option in the Rule 80 application is the best option available and a logical first step.

Viva Energy has altered Table 1 from the Rule 80 application (and included this in Appendix 1 to this submission) to illustrate which projects address capacity and which projects address supply. We note that the current Rule 80 application supports the Lochard Expansion which addresses capacity only, with no additional supply to replace our declining gas production.

When considering VTS augmentation options, Victorian Gas Planning Reports (VGPRs) outline such options. Table 20 in the 2025 VGPR outlined augmentation options to complement additional supply or capacity from Port Campbell. Table 20 showed that the SWP capacity can be increased to 780 TJ/d (an increase of 250 TJ/d) through the use of sequential looping. Importantly, the VGPR does not show how this project proposal (option 4) fits within a broader supply or capacity objective.

Table 20: 2025 VGPR

Table 20 Potential options for scenario with no new LNG supply at Geelong

	Option	Augmentation description	SWP capacity (TJ/d)	SWP capacity increase from existing (TJ/d)
Augmentation options identified in 2024 VGPR Update	1	Looping of the existing 18 km SWP from Colac to Winchelsea	550	20
	2	Option 1 plus: Looping of the existing 90 km SWP from Iona UGS to Lara and Winchelsea Winchelsea Compressor modifications for parallel operation	660	130
	3	Option 2 plus: Additional 47 km looping of BLP from Lara to Rockbank Compressor station with two compressor units at Lara	780	250
APA's Stonehaven CS and Pirron Yallock CS expansion option without pipeline looping	4	Stonehaven CS and Pirron Yallock CS	643	113

Table 20 from the 2024 VGPR showed the augmentation options on the SWP should an import terminal connect near Geelong.

Table 20: 2024 VGPR

Table 20 Potential options for Scenario B augmentations

	Option	Augmentation description	SWP capacity (TJ/d) with LNG delivery prioritised	SWP capacity increase from existing (TJ/d)
Existing SWP	-	No network augmentation	530	0
Port Campbell to Melbourne augmentation options with Geelong LNG import terminal	1	Import terminal connects to current system	770	240
	2	Option 1 plus: • WORM PRS upgrade	790	260
	3	Option 2 plus: • 44 km of BLP looping from Lara to Rockbank • Bi-directional regulator installation at Lara to enable segregated pipeline operation	933	403
	4	Option 2 plus: • Two compressor units near Wyndham Vale	846	316
	5	Option 2 + Option 3 + Option 4	1,070	540

Viva Energy notes from Table 20 of the 2024 VGPR that with the addition of an import terminal near Geelong and the sequence of other projects in that table, some 1070TJ/d of capacity is achievable on the SWP. This table includes a range of different compression and looping options; it does not include the two new compressors currently proposed by APA. With additional gas supply near Geelong, this table shows that investment in the SWP should ideally occur downstream of Lara.

Lastly, Table 21 from the 2025 VGPR showed SWP capacity with an import terminal near Geelong and use of the WAG pipeline for gas transport.

Table 21: 2025 VGPR

Table 21 Potential options for scenario with a new LNG supply at Geelong

	Option	Augmentation description	SWP capacity (TJ/d) with LNG delivery prioritised	SWP capacity increase from existing (TJ/d)
Port Campbell to Melbourne augmentation options with Geelong LNG regasification terminal	1	Viva LNG Regasification Terminal connects to current system	770	240
	2	Viva LNG Regasification Terminal and WAG pipeline	890	360

From the above information there are many scenarios and options to consider. Viva Energy requests that APA, as the responsible party for planning of the VTS, presents a thorough assessment of these options. When reviewing the potential new supply sources and related SWP augmentation options, the best and most beneficial location of SWP augmentation can be identified with a view on the overall short, medium, and long term capacity objective for the SWP. It can also be seen that the solution that gives maximum capacity to the SWP, is a new supply from an LNG terminal at Lara plus augmentation options which can bring the SWP capacity to 1070 TJ/d.

Looking ahead to 2029 and beyond when the Longford gas plant production further decreases and eventually ceases, we understand that at least 1070 TJ/d is the magnitude of capacity increase required to meet the VTS demand and that gas capacity system planning within the next VTS planning period needs to reflect this as a matter of some urgency.

Import Terminals and Security of Supply

The 2022 AER review of the Access Arrangement highlighted concerns regarding security of supply from an LNG terminal: “Given these factors, we consider that the prospect of gas supplied by an import terminal may not provide sufficient security to meet forecast shortfalls at the present time”.

As a project proponent of an LNG terminal, Viva Energy would like to highlight that the LNG market has changed significantly since 2022 and is forecast to change in the next five years. Viva Energy notes that

in 2022 LNG was in high demand due to the invasion of Ukraine and the resultant supply restrictions. The market has since recovered from this event. Furthermore, LNG supply worldwide is predicted to increase by 300 billion cubic metres (bcm) per year of LNG export capacity by 2030. This is an increase of approximately 45% on current production (source: International Energy Agency). Given the significant increase in LNG supply, Viva Energy has no concerns regarding the ability to reliably source LNG for the proposed terminal.

Viva Energy thanks the AER for the opportunity to provide feedback on the APA Victorian Transmission System Rule 80 application for the expansion of the South West Pipeline. Viva Energy looks forward to further engagement with the AER and APA VTS on this matter.

Kind Regards,

Monique Corban
Commercial Manager
for and on behalf of Viva Energy Pty Ltd

Appendix 1: Proposed Projects (Table 1 from the Rule 80 application revised)

Project	VTS Capacity Increase (TJ/d)	Comment	Supply Increase (TJ/d) to VIC/NSW/SA	Project FID status
Port Kembla Import Terminal	200*	This accounts for committed EGP modifications	500	No
Viva Energy Import Terminal	240*	This accounts for SWP back-off effect	778	No+
Vopak Import Terminal	240*	This accounts for SWP back-off effect	778	No
Venice Import Terminal	0*	Requires Seagas pipeline reversal for gas to reach VTS and SWP pipeline augmentation	405	No
Golden Beach Storage	125 Production 375 Storage		125 (for two years)	No
APA ECG Stage 3&4	160		160 (assuming supply is from Qld)	No
Lochard Heytesbury Storage Expansion	113	Only achievable to VIC Metro through SWP pipeline augmentation	0	Yes

* With pipeline modifications, inside and/or outside of the VTS, this figure could be increased
+ Viva Energy has made an application for connection to the VTS and plans to take a Final Investment Decision on the Viva Energy Import Terminal during 2026