

13 February 2026

Ref: BPT/030/26

By Email: resetcoord@aer.gov.au

Australian Energy Regulator

Kris Funston
Executive General Manager, Networks
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Mr Funston

Re: APA's application under NGR Rule 80 for South West Pipeline (SWP) Expansion

Introduction to Beach Energy

Beach Energy Limited (Beach) welcomes the opportunity to provide its input on APA's Victorian Transmission System (VTS) Rule 80 application for the proposed expansion of the Southwest Pipeline (SWP).

Beach is an ASX-listed oil and gas exploration and production company headquartered in Adelaide and directly employing about 500 staff throughout Australia and New Zealand. Beach produced and marketed approximately 20 per cent of the Australian East Coast gas market from its operated and non-operated assets including Bass, Otway, Cooper Basin and the Western Flank in 2024. Since 2019, Beach has invested approximately \$3.5 billion in the exploration and development of domestic gas assets and has been focused on growing total supply in both East and West Coast markets.

As a major supplier of gas to the Southern Australian market, having supplied 19% of the east coast domestic market in 2025, Beach has a strong interest in ensuring adequate transmission capacity exists to deliver domestic gas supply to consumers, particularly during peak winter periods.

Victorian market outlook and transmission constraints

The 2025 AEMO Gas Statement of Opportunities (GSOO) forecasts that there will be peak-day shortfall risks as early as 2028¹, and seasonal and annual supply gaps emerging from 2029 unless new supply and infrastructure are developed. The 2025 Victorian Gas Planning Report (VGPR) broadly aligns with the GSOO, highlighting declining indigenous Victorian production and increasing risk of winter supply shortfalls from 2028².

As southern production declines and demand remains highly seasonal, the role of transmission infrastructure becomes increasingly critical in ensuring domestic gas supply can reach Victorian demand centres during peak winter periods. The constrained capacity of the SWP is limiting the ability for gas from western Victoria that is approved for development, forecast to be supplied and being supplied to reach the market.

¹ AEMO, Gas Statement of Opportunities, July 2025

² AEMO, Victorian Gas Planning Report, March 2025.

Alternative supply options face clear limitations. LNG imports are exposed to global prices and do not provide long-term cost certainty for Australian consumers. Gas produced close to where it is used is consistently the lowest-cost option, reducing transport costs while supporting Australian jobs.

In FY2024, Beach contributed around \$464 million in taxes and royalties to governments. By contrast, LNG import terminals discourage investment in domestic gas supply, weaken local production capability, and result in fewer jobs and lower tax revenues in Australia. While gas transported from Queensland via the SWQP remains an important supply source, it is constrained during peak demand periods and cannot replace the need for increased southern supply and local transmission capacity.

Beach investment in the Otway region

As operator of the Otway Gas Plant in western Victoria, continued development of SWP capacity is essential to ensure existing and future Otway gas can be delivered to market when needed. Over the past five years, Beach has invested \$3.5 billion to supply Australian-produced gas to the domestic market and has a strong track record of developing and delivering incremental gas supply from the Otway region.

In mid-2024, the Enterprise field was connected to the Otway Gas Plant, with first gas sold on 12 June 2024. In Q2 FY2025, Beach connected the Thylacine West 1 and 2 offshore wells, returning Otway Gas Plant to full capacity and supplying gas to the east coast market. More recently, Beach commenced the Equinox drilling campaign in the offshore Otway Basin, including the La Bella-2 development well and completion of the Artisan discovery. These projects will tie back to existing Otway infrastructure to supply the domestic east coast gas market and predominantly Victorian customers.

These ongoing investments demonstrate that additional domestic supply from western Victoria will continue to be developed. However, without sufficient transmission capacity through the SWP, this supply cannot be fully delivered to Victorian consumers during peak demand periods.

Commercial and consumer justification

Given the significant sunk and committed upstream investments made by Beach and other producers in the region, including Amplitude and ConocoPhillips, it is important that domestic supply can reach the market efficiently, supporting lower marginal supply costs for consumers.

As Longford production declines later in the decade, there will be increasing reliance on supply from western Victoria, including the Otway region. The SWP already experiences binding constraints, increasing the costs associated with delivering gas to market. Evidence of this can be seen in the November 2025 auction results for SWP capacity certificates, which cleared at approximately \$0.19/GJ/day for the 2026–2028 winter periods³. Without additional transport capacity, shippers will be required to secure increasingly expensive capacity certificates to ensure supply delivery, increasing overall delivered gas costs.

Gas from western Victoria is closer to major demand centres, resulting in lower transport costs and lower emissions than alternatives such as Queensland gas or LNG imports. Adequate SWP capacity makes better use of existing infrastructure, reduces delivered gas costs, and supports the long-term interests of Victorian gas consumers.

Recommendation

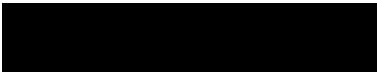
Beach supports APA's proposed compression upgrade as a pragmatic and timely step to increase capacity and improve system flexibility. Beach considers approval of this project to be consistent with the National Gas Objective, supporting the efficient use of natural gas services in the long-term interests of consumers.

³ AEMO November 2025, Auction Quantity won, SWP entry capacity certificate

Beach considers that APA should progress a further application under Rule 80 of the National Gas Rules to deliver full looping of the SWP. Full looping is necessary to provide a durable, long-term increase in capacity, materially improve system reliability, and ensure sustained domestic gas supply from the Otway region, particularly during peak winter demand periods.

Beach welcomes ongoing engagement with the AER on the proposed SWP expansion to support a final decision that delivers secure, long-term gas outcomes for Victorians.

Yours faithfully



Przemek Grobelski

General Manager, Marketing, Sales, Trading & Commercial Operations

Beach Energy Limited