

5 March 2026

Dr Kris Funston  
Executive General Manager  
Network Regulation  
Australian Energy Regulator

By email: [Kris.Funston@aer.gov.au](mailto:Kris.Funston@aer.gov.au)

Dear Kris

**Re: APA Rule 80 application – expansion of VTS South West Pipeline**

APA wishes to update the AER and stakeholders about developments regarding our Rule 80 application to the AER to expand the South West Pipeline (SWP) on the Victorian Transmission System (VTS). APA's preferred option is a compression-based expansion installed by winter 2029.

APA has paid careful consideration to the submissions received by the AER to APA's Rule 80 application. While there was support for APA's compression proposal from some stakeholders, there was recognition that we needed to consider longer term options as well. In particular, the Victorian Government requested APA to engage more closely with AEMO to develop a revised proposal that AEMO supports.

On 25 February, APA hosted a workshop with AEMO, the Victorian Department of Energy, Environment and Climate Action (DEECA), Energy Users Association of Australia, (EUAA) and with the AER as observers. The workshop was independently facilitated.

The workshop focused on developing a common understanding of the problem we are seeking to solve for Victorian energy consumers; constraints and risks around solving that problem; and reviewing options and potential solutions.

A key outcome of the workshop was agreement by APA and AEMO to continue working to achieve consensus on a way forward to expand the capacity of the SWP within the identified constraints. The intent is to reach consensus in the most prudent way for the immediate and longer term to ensure energy security at a reasonable cost for Victorians.

APA and AEMO have agreed to undertake further work to investigate sequencing of expansion options, feasibility of partial looping by winter 2029, and assessing how a compression-only option would affect long-term system optionality and whether it could foreclose certain supply-and-demand scenarios identified in AEMO's modelling. This work will also address AEMO's reliability concerns on the compression-based option.

We will collaborate with AEMO on the modelling and alignment with supply and demand assumptions and include the impacts of APA's recently announced East Coast Grid Stage 3 expansion.

APA understands the Victorian Government's commitment to preserve affordability, reliability, and security of Victoria's energy system. As requested by the Victorian Government representatives, we are committed to achieving consensus with AEMO to ensure supply security for Victorian consumers.

Considering these recent developments, we ask the AER to pause the SWP expansion Rule 80 assessment process pending a potential revision to the application by APA. Given the long lead times associated with gas augmentation and expansion, we request that the AER expedite its final decision on a revised APA proposal that has AEMO's support.

With the goodwill and collaborative approach demonstrated by all parties through the workshop process, we anticipate resolving these remaining issues promptly. We thank everyone for their genuine and positive contributions.

As always, we would be pleased to discuss this matter with you at your convenience. Please reach out to Scott Young (scott.young@apa.com.au) or Nives Matosin (nives.matosin@apa.com.au) in the first instance.

Yours sincerely,



**Natalie Lindsay**  
General Manager Regulation and Policy

**CC:** Matthew Myers, Group Manager Stakeholder Engagement, AEMO

