

5 June 2026

Australian Energy Regulator (AER)

Submitted via email to ResetCoord@aer.gov.au

Lochard Energy submission in response to AER Position Paper: APA Rule 80 application for the expansion of the South West Pipeline

Dear AER,

Lochard Energy welcomes the opportunity to provide submissions in response to the AER's 15 May 2026 Position Paper on APA's Rule 80 application for the proposed expansion of the South West Pipeline (**SWP**).

Lochard Energy is pleased to see, and agrees with, the AER's support of APA's:

- (a) proposed expansion of the SWP via the installation of additional compression; and
- (b) proposed early works for further expansion of the SWP and the Brooklyn to Lara Pipeline (**BLP**).

We welcome the close collaboration between APA, AEMO and the Victorian Government on this matter, which has enabled an effective in-principle solution that will serve the market with speed and simplicity.

Lochard Energy notes that the AER has not yet reached a position on APA's proposed costs. We look forward to the AER's publication of its view on this as soon as possible.

SWP expansion via compression

As outlined in greater detail in our earlier submission to the AER dated 19 January 2026,¹ our view is that increasing the capacity of the SWP is critical to unlocking supplies from the Otway region in the context of gas supply shortfalls from 2029 onwards, as forecast by AEMO in its Gas Statement of Opportunities (GSOO) and the Victorian Gas Planning Report (VGPR).

This work is extremely time-sensitive. We agree that APA's proposal to install additional compression on the SWP is the most appropriate next step, given that the longer lead times associated with looping options would mean that capacity from these options would not come online in time to meet anticipated shortfalls.

¹ Please refer to our 19 January 2026 submissions for further details on Lochard Energy's views, as well as current and potential expansion projects to increase the capacity of the Iona Gas Storage Facility, which are heavily dependent on timely expansion of the capacity of the SWP.

Lochard Energy also strongly emphasises the importance of commencing the SWP compression works promptly, to ensure that the benefits to the market of Lochard's HUGS development reaching completion in 2027 (allowing the withdrawal capacity of the Iona Gas Storage Facility to reach 615 TJ/d).

Early works for further expansion of the SWP and BLP

Lochard Energy supports APA's proposed early works in relation to looping of the SWP and BLP, and we consider that there are strong merits in progressing these early works now, rather than at a later stage. This is particularly prudent given that land access and environmental approvals have historically taken significantly longer than the construction phases themselves.

We also consider that this work is critical to keep the options open and provide the market with optionality in determining the most effective pathway to seek future supply, particularly in the context of evolving energy supply and demand dynamics. We agree with APA that a 'least-regrets' approach is appropriate so that none of the options identified is closed off.

In this context, Lochard Energy wishes to express its concern in relation to certain comments by the AER in its Position Paper, such as its comment that 'if an LNG facility proceeds within the Geelong area, further looping on the SWP may not be required'.

It is critical that the market is given the ability to determine the most effective pathway for expansion of the SWP based on evolving circumstances (for example, storage / supply from the Otway region, supply from LNG terminals or, potentially, both). We do not agree with the AER's comments suggesting that one specific option might negate the other and consider that these comments go beyond the scope of the AER's role under Rule 80 of the National Gas Rules to make a determination as to whether the capital expenditure proposed by APA meets the 'new capital expenditure criteria'. This is, by its nature, a confined task which requires the AER to assess the economic and other relevant merits of the specific capital expenditure that APA has proposed, against the specified criteria (not a broader policy assessment of potential alternative infrastructure development options).

Lochard Energy would be pleased to engage further with the AER on this matter and looks forward to working collaboratively to support the development of a robust and resilient energy system. We remain ready to provide further input or assistance as needed.

If you would like to discuss this submission, please contact [REDACTED] at [REDACTED]@lochardenergy.com.au.

Yours sincerely

[REDACTED]

General Manager Commercial