

30 September 2022

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Submitted by email: [VICGAAR2023@aer.gov.au](mailto:VICGAAR2023@aer.gov.au)

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Dear Arek,

**Australian Gas Networks (Victoria and Albury) - Access Arrangement Addendum to Proposal 2023-2028**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to comment on the Australian Gas Networks (AGN) draft Gas Access Arrangement Review (GAAR) for their Victorian and Albury networks to apply from 1 July 2023 to 30 June 2028. AEMO operates the Declared Transmission System (DTS) in Victoria and therefore is a stakeholder in the outcome of AGN's 2023-2028 GAAR proposal.

The attached submission is intended to provide the Australian Energy Regulator (AER) with additional context surrounding AGN's proposal for Sale City Gate Augmentation as it that pertains to AEMO's operation of the DTS.

This AEMO submission can be made public.

Should you have any questions or require more information, please contact Myra Horomidis, Acting Manager – Gas System Operations on 03 9609 8641 or email [myra.horomidis@aemo.com.au](mailto:myra.horomidis@aemo.com.au).

Yours sincerely

Matthew Clemow  
Group Manager – Gas Markets and System Operations

**Attachment:** AEMO Submission on APA VTS Gas Access Arrangement Proposal 2023-2028

# AEMO Submission on AGN Gas Access Arrangement Proposal 2023-2028

## Attachment 9.11 (2) – Capex V.04.CD – Sale City Gate augmentation

AEMO affirms the need to reduce the Sale City Gate (CG) Minimum Operating (MinOp) pressure from 4,800 kPa to 4,500 kPa. The reasons for this change are discussed in section 6.2.2 of the AEMO 2022 Victorian Gas Planning Report Update<sup>1</sup>, and include:

- The difficulty maintaining the required delivery pressure at the Sale CG when operating the Declared Transmission System (DTS) with low Longford Close Proximity Point (CPP) injections; and
- The anticipated degradation in the resilience of the Longford Gas Plant production system associated with forecast depletion of the large legacy gas fields. Due to the proximity of Sale CG to Longford, it is particularly vulnerable to short-term Longford Gas Plant production interruptions.

Additionally, a reduction in Sale CG MinOp pressure will increase the usability of the Longford to Melbourne Pipeline linepack. This will increase AEMO's response options when managing a Threat to System Security event and including reducing the need for a higher cost market, e.g. scheduling of Dandenong Liquefied Natural Gas (LNG) injections.

Recent examples of Threats to System Security associated with the current Sale CG MinOp pressure include:

- The Threat to System Security events on 10 and 21 June 2021<sup>2,3</sup> due to disruptions at the Longford Gas Plant, as documented in the subsequent Declared Wholesale Gas Market (DWGM) Market Intervention Event Reports.
- Activation on 30 May 2022 of an operational process between AEMO and AGN to mitigate the risk of a Sale CG MinOp breach. The Sale CG MinOp pressure was temporarily reduced to 4,500 kPa by AGN at AEMO's request in response to AEMO modelling that indicated unforecast high system and gas generation demand over the evening peak that had the potential to breach the Sale CG MinOp.

The current operational process to mitigate risk, as referenced in the AGN Business Case (and activated on 30 May 2022), provides a framework for AEMO to request a temporary reduction in the Sale CG MinOp in response to a threat or potential threat.

The effectiveness of this process is dependent on AGN's ability to accommodate a temporary reduction in the MinOp, which is subject to AGN's operational requirements on the day. While this process is an operational workaround, it increases the risk of a delayed response due to the uncertainty of whether a MinOp reduction will be accepted, which could result in a breach of Sale CG MinOp and/or increased use of Dandenong LNG injections.

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<sup>1</sup> AEMO, "2022 Victorian Gas Planning Report Update", [https://aemo.com.au/-/media/files/gas/national\\_planning\\_and\\_forecasting/vgpr/2022/2022-victorian-gas-planning-report-update.pdf?la=en](https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/vgpr/2022/2022-victorian-gas-planning-report-update.pdf?la=en)

<sup>2</sup> AEMO, "Declared Wholesale Gas Market – Intervention Report, 10 June 2021", at <https://aemo.com.au/en/energy-systems/gas/declared-wholesale-gas-market-dwgm/dwgm-events-and-reports>

<sup>3</sup> AEMO, "Declared Wholesale Gas Market – Intervention Report, 21 June 2021", at <https://aemo.com.au/en/energy-systems/gas/declared-wholesale-gas-market-dwgm/dwgm-events-and-reports>

On this basis, AEMO supports an engineered solution (i.e. not dependent on a procedural action) to address the identified risks related to the Sale CG MinOp.