

James King
Senior Advisor
Australian Energy Market Commission

Lodged online

Re: APA Submission to the Harmonising the National Energy Rules Draft Determination

Dear Mr King,

Thank you for the opportunity to comment on the AEMC's draft determination on the Harmonising the National Energy Rules rule change process published on 26 October 2023 (Draft Determination).

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. As well as an extensive network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and over 681 MW of renewable generation infrastructure.

We support the transition to a lower carbon future. In August 2022, we published our inaugural Climate Transition Plan which outlines our commitments to support Australia's energy transition and pathway to net zero operations emissions by 2050. In September 2023 we released our first Climate Report disclosing our progress against our Climate Transition Plan.

APA's customers and capital markets are overwhelmingly factoring in net zero commitments. Our 16 largest customers all have net zero or carbon neutral targets, and 10 of them have an interim decarbonisation target. The regulatory regime that covers electricity and gas infrastructure should incentivise decarbonisation efforts through the most efficient means possible, consistent with the functioning of efficient capital markets.

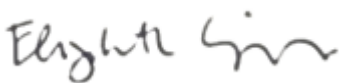
Gas infrastructure has an essential role to play in 'unlocking' renewables and helping Australia meet its net zero ambitions targets. As the penetration of variable renewable energy sources, such as wind and solar, increase, and aging coal power stations retire, gas powered generation will play a critical role in meeting electricity demand and maintaining the security of the system. It is therefore essential that the regulatory framework continues to support investment in our gas infrastructure. This will ensure that consumers continue to receive both reliable gas and electricity as the energy market transitions.

For this reason, we are concerned with the proposed wording of rules 79 and 91 of the *National Gas Rules* in the Draft Determination. Requiring expenditure to be 'in a manner that contributes to meeting emissions reductions targets' may unintentionally constrain the AER's ability to approve expenditure that does not contribute to the achievement of emissions reduction targets. Such expenditure, however, may be critical to providing reliable gas and electricity supply for customers.

We therefore support alternative drafting of rules 79 and 91. Rather than requiring all expenditure to be incurred 'in a manner that contributes to meeting emissions reductions targets', this criterion could instead refer to the expenditure being incurred by a prudent service provider 'having regard to' emissions reduction targets.

If you have any questions about our submission, please contact John Skinner on john.skinner2@apa.com.au.

Regards,



Beth Griggs
General Manager, Economic Regulation and External Policy
Strategy and Corporate Development