



# East coast gas system notice of closure of consultation paper

**The Commission is seeking stakeholder feedback on a proposal to introduce of an advanced notice of closure reporting obligation for gas supply and deliver infrastructure**

**The Commission has released a consultation paper that seeks stakeholder feedback on whether introducing an advanced notice of closure reporting obligation would be beneficial to market participants.**

On 29 April 2024, the Commission received a rule change request from Energy Senior Officials on behalf of the Energy Minister's Sub-Group (the proponent). The proponent is seeking an amendment to the medium-term capacity outlook in the National Gas Rules (NGR) for the Gas Bulletin Board to capture planned closures of supply and delivery infrastructure for the East Coast Gas System (ECGS).

The proponent is of the view that, while historically gas infrastructure closures have not been an issue, the size and scope of the energy transition could trigger the closure of some natural gas supply and delivery infrastructure. The proponent believes that without sufficient advanced notice given to the market, these closures could impact the reliability of supply of the ECGS.

This rule change request is one of four rule change requests being proposed through the AEMC's rule change process as part of stage 2 of the reliability and supply adequacy framework reforms. The stage 2 reforms build on stage 1 reforms, which expanded the Australian Energy Market Operator's (AEMO) powers under the National Gas Law (NGL) to enable better management of gas supply adequacy and reliability risks.

**The proponent considers that current gas market monitoring and communication tools do not provide market participants with sufficient notice for planned closures of gas supply and delivery infrastructure**

The proponent believes that the absence of advanced reporting requirements for the closure of gas supply and delivery infrastructure in the rules would adversely affect the market. Having incomplete, inaccurate, or asymmetric information could:

- Limit the ability of market participants to plan and respond in an informed and efficient manner to any threats associated with any closures
- Affect the efficiency with which gas supply and delivery infrastructure and resources are allocated, ultimately impacting the reliability of supply for the ECGS
- Affect the National Electricity Market (NEM) and electricity supply because gas powered generators (GPG) may also be impacted.

The request further suggests that advanced reporting requirements could reduce the need for more interventionist methods, (e.g. the market operator needing to issue directions) that could have adverse effects on the market, to manage reliability or supply adequacy threats.

**The proponent has identified three potential options to introduce an advanced notice of closure reporting obligation**

The three potential options proposed by the proponent include:

1. **Option 1:** Amend the Gas Statement of Opportunities (GSOO) provisions in Part 15D of the NGR and Victorian Gas Planning Report (VGPR) provisions in Part 19 of the NGR to

require AEMO to report on planned closures of supply and delivery infrastructure with at least 36 months' notice.

2. **Option 2** (the proponents preferred option): Amend the Bulletin Board medium-term capacity outlook provisions in Part 18 of the NGR to require supply and delivery infrastructure operators to report on planned permanent closures with at least 36 months' notice.
3. **Option 3**: Include a new part in the rules that requires a notice of closure of supply infrastructure and largely mirrors the requirements in the NEM. This would provide at least 42 months' advanced notice of closure.

Option 2 is the proponent's preferred approach because, in their view, it would provide the greatest transparency of planned closures, while also providing a relatively 'light touch' approach by using the existing Bulletin Board reporting and penalty framework. The proponent believes that this would minimise costs and impacts on affected parties without compromising the benefits of improving transparency around planned closures.

### Next steps

The AEMC requests submissions to the consultation paper by 17 April 2025. We will publish a draft determination for the rule change on 26 June 2025.

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