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Our Reference: APLNG - COR - 0014568

Department of Industry, Science, Energy and Resources  
By email: [gas@industry.gov.au](mailto:gas@industry.gov.au)

To Whom It May Concern

### **Submission on Gas Transparency Regulatory Reforms legislative changes**

Australia Pacific LNG Pty Limited (**APLNG**) welcomes the opportunity to make a submission in relation to the consultation paper on *Measures to Improve Transparency in the Gas Market - Proposed legal package to give effect to Decision Regulation Impact Statement (Consultation Paper)*. This consultation paper follows the Consultation Regulation Impact Statement (**RIS**) published in August 2019 which proposed a range of reform options and the Decision Regulation Impact Statement (**DRIS**) released in March 2020 which identified the preferred reform options.

APLNG, based in Queensland, is one of Australia's leading natural gas production companies, supplying a significant proportion of east coast Australia's domestic gas needs. In FY20, APLNG provided approximately 30 per cent of the gas supply to the east coast market (~186 petajoules) and has gas supply contracts with local industries and businesses which extend out to 2030 and beyond.

As requested, APLNG's detailed comments on the Consultation Paper are set out in the **attached** response template and are provided by APLNG in the context of APLNG's role as an east coast gas market participant supplying gas to the domestic market and LNG to international export markets. These comments follow APLNG's initial submission on the RIS submitted in September 2019.

APLNG supports reforms which improve liquidity and competitiveness of the domestic gas market in Australia and derive greater transparency for market participants. However, APLNG has some concerns in relation to certain aspects of the Consultation Paper which include:

#### **Gas Statement of Opportunities (GSOO)**

- The proposed new rules which will apply to the GSOO (including the GSOO Procedures and GSOO Survey) may allow AEMO to make mandatory information requests which go beyond the scope contemplated by the DRIS and the GSOO Procedures may result in burdensome information reporting requirements for market participants. Greater specificity in respect of the GSOO Procedures should be provided in the rules to ensure AEMO's information requests are consistent with and limited to the documentation and information contemplated by the DRIS.
- The GSOO forecast horizon of 10 years for gas production and contracted volume forecasts is excessive and imposes onerous obligations which were not contemplated in the DRIS. There is considerable uncertainty and variability associated with forecasting over such a long period, particularly given the various assumptions that will by their nature change over time. APLNG considers the forecast horizon for gas production and contracted volume forecasts should be reduced to 5 years and the reserves forecast horizon reduced to 10 years.

#### **Scope of AER's reporting function**

- The AER reporting function in the proposed new rules is significantly broader than contemplated by the DRIS, particularly given the proposed powers of the AER to determine whether it will publish "non-price information or price forecasts" in addition to the other items described in r 140B(2). More specificity and clarity should be provided in the rules in relation to the AER's ability to make determinations to ensure the scope of the reporting function aligns to the scope set out in the DRIS.

- APLNG is concerned market participants will rely on forecasts provided by reporting entities and published by the AER. There are various reasonable approaches to calculating forecasts and the variables employed to develop those forecasts are subject to change. There is a concern the reporting regime may lead to the assumption the forecast figures possess a degree of accuracy which is misleading.

#### **Natural Gas Services Bulletin Board (Bulletin Board)**

- Regarding the provision of reserves and resources estimates, there is a lack of clarity on gas price assumption information required to be reported and the way in which that commercially sensitive information will be treated when published. The proposed new rules create a highly intrusive reporting requirement and greater clarity should be provided in the rules in relation to the type of assumption information required, the treatment of this commercially sensitive information (particularly when published) and how any competition law impacts will be managed.
- The proposed amendments to the material change definition in the context of changes to nominations and short term capacity outlooks will result in excessive and unnecessary reporting as 30TJ/day is a very small volume variation in the context of large facilities (such as main pipelines connecting to LNG facilities) and are potentially within the normal operating variances day to day. The definition should be revised to set the threshold as the greater of 30TJ/day and 10% of the nameplate rating to avoid burdensome reporting requirements and AEMO being required to assess data to identify changes of significance rather than 'operational' changes.
- The rules associated with the short term LNG export transaction information and LNG shipment data should be reviewed to ensure the price, price structure and quantity reporting requirements are consistent with the way in which LNG is actually sold.
- The times by which relevant information in respect of short term LNG export transactions and short term gas transactions must be reported to AEMO are unduly onerous and would result in a significantly increased administrative and cost burden. An appropriate timeframe within 3 business days of loading the export cargo (for FOB cargoes or 3 business days after discharge for DES cargoes) or the trade date of the short term gas transaction is considered reasonable.

#### **Policy Clarifications**

- In terms of short term LNG export information and LNG Shipment data, both volumes and prices can change in the period leading up to the completion of cargo loading. It is reasonable and appropriate for the relevant export cargo transaction information to be reported following cargo loading (for FOB cargoes or after discharge for DES cargoes) rather than the trade date (which should be a reference to unconditional transactions) once all relevant information is known and final. This would avoid unnecessary and multiple reporting and publishing requirements prior to the cargo loading.

As a general observation, considerable care will be needed to ensure the methodologies used to anonymise and aggregate data to be published will prevent the identification of the party to whom the confidential and commercially sensitive information relates (particularly where disclosure may impact on competition). This includes information to be reported to and published by the AER and AEMO, such as gas production and contracted volume forecasts to be provided for the GSOO, gas price assumptions and reserves and resources estimates to be provided to the AEMO for publication on the Bulletin Board, LNG and gas sales prices, and short term gas and LNG export transaction information. APLNG believes the rules should clearly state the methodologies that will apply rather than leaving them to be determined at a later date by the AER and AEMO.

If there is a way such confidential and commercially sensitive information can be de-anonymised, the competitiveness of east coast domestic gas and LNG producers and buyers is likely to be significantly disadvantaged potentially causing harm to the party (or parties) whose commercially sensitive information has been disclosed and to broader market participants.

Thank you for this opportunity to make a submission. If you have any questions, or would like to discuss this submission further, please contact Nathan Watterston

Yours sincerely

**Nick McKenna**  
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Australia Pacific LNG Pty Limited