

AEMC - NATIONAL GAS AMENDMENT (EXTENSION OF THE DWGM DANDENONG LNG INTERIM ARRANGEMENTS) RULE 2025 - GRC0078

29 MAY 2025

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission under AEMC's - National Gas Amendment (Extension of the DWGM Dandenong LNG Interim Arrangements) Rule 2025 - GRC0078.

We support an extension of current Dandenong LNG Interim Arrangements to cover the period between the end of the current arrangements in December 2025 and the commencement of the permanent gas reliability and supply adequacy (RSA) rules in the East Coast Gas System (ECGS). Without this extension, we can foresee the predicted southern regions peak day gas shortfalls between 2026 and 2028 leaving AEMO with no provision to alleviate supply constraints by injecting gas from the Dandenong LNG system into the gas transmission network, and therefore a high potential for high volatility around these events which may impact gas supply for our members and potentially leave them exposed to high market prices.

Given that the Interim Arrangements were in place in 2024 which provide for AEMO to utilise the LNG from the Dandenong LNG facility for the purpose of gas system security and reliability, it is disappointing that in June 2024 AEMO issued a threat notice and advised our members in writing and verbally that they may have their gas supply interrupted rather than additional gas injections and replenishment overnight from the Dandenong facility. As you can imagine, this caused unnecessary stress and anxiety for affected member companies and their boards.

It would appear from the response in June 2024 that AEMO manage the southern region based on input plus storage at time of use rather than inputs from Queensland and locally being able to be continued and stored when demand is not at the same level or higher than inputs. We have performed our own analysis of the events leading to AEMO's issuance of a threat notice and consider that instead they could have continued to operate the market within a tight envelope by discharging and recharging their gas storage in Dandenong.

We agree with the proponent that the lack of transparency of the management of both the LNG liquefaction facility (owned and operated by BOC) and the LNG storage, vapourisation and injection facility (owned and operated by APA) as well as the contract between these two parties inhibits the efficient management and allocation by AEMO of the LNG which it holds (as the interim buyer and supplier of last resort). From this perspective, we also support

the proposed introduction of additional measures to improve the information available to AEMO and the market about the operation of all components of the liquefaction and storage facilities.

We consider that these interim measures will be unnecessary upon full implementation of the RSA in the ECGS.

As a further interim measure to the changes requested by the proponent, and to avoid the events of June 2024, we recommend that AEMO should be held accountable to the market for its utilisation of the Dandenong LNG facility by way of additional weekly reporting requirements (including the volume of gas it manages, the maximum injection rate available and the maximum recharge rate available), particularly during the high demand winter months. This would, in effect, provide the market with important reliability information until the short-term projected assessment of system adequacy (ST PASA) rule change requires AEMO to provide similar information for the whole ECGS.

The EUAA welcomes further discussions around the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.



Andrew Richards
Chief Executive Officer