

25 September 2025

Australian Energy Market Commission (AEMC)

Submitted online



## **Directions Paper: ECGS Reliability standard and associated settings**

The Australian Financial Markets Association (AFMA) is responding to the AEMC's Directions Paper on ECGS Reliability Standard and Associated Settings.

AFMA is the leading industry association representing Australia's financial markets - including the capital, credit, derivatives, foreign exchange, and other specialist markets such as gas, carbon, electricity, and environmental products. We have more than 130 members, from Australian and international banks, leading brokers, securities companies, and government treasury corporations to fund managers, energy firms, and industry service providers. AFMA energy members include many of the major participants in the east coast gas market.

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### **Key Points**

- **AFMA broadly supports the AEMC's revised approach**
  - **An independent body should determine threat/ risk levels**
  - **AFMA supports the enhancements to the security and reliability framework**
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### **1. Revised approach**

AFMA previously made a submission to the initial consultation,<sup>1</sup> in which we expressed our support for the introduction of a gas reliability standard on the basis that we thought it would give the market greater certainty about when AEMO would intervene in the market. We nevertheless broadly support the revised proposal to instead amend AEMO's existing risk or threat notice to introduce different levels of threat and provide clearer guidance about what AEMO would do in response to them as we consider it will achieve similar results to the original proposal. Likewise, AFMA also supports the three enhancements to the security and reliability framework proposed, which AFMA expands on below.

### **2. Threat signalling**

If appropriately designed, the tiered threat/risk signalling framework could serve as a useful addition to the existing framework, given that the current procedures do not sufficiently define what constitutes a system reliability risk / threat and thus provide participants with a clearer understanding of both the potential and perceived severity of risks/ threats; as well as boosting transparency and predictability of AEMO actions more broadly. AFMA supports the AEMC's proposal to use a probabilistic metric as a gas system's reliance on a few key pieces of infrastructure means a deterministic approach would not be practical or accurately portray the reality of the market. However, we note that timing will be a key parameter requiring due consideration in the

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<sup>1</sup> [Microsoft Word - RXX-25 Gas Reliability Standard - initiation](#)

assessment, as for instance, using the illustrative example on page 13, we consider that a 50% probability of supply not meeting demand, in the event no action is carried out throughout the 9 months, should not be considered an emergency as there is adequate time for the market to respond to the potential event.

AFMA considers that, at least initially, explicate linkage of AEMO's trading/ direction functions to the new protocol in the National Gas Rules should be avoided. We consider that initially, it will be inappropriate to require AEMO to intervene in the market in response to alerts raised through a new and untested protocol; until such a time when the protocol is proven fit for purpose, may it then be appropriate for a direct link.

### **3. Gas Review Committee**

AFMA's submission to the initial consultation also recommended that a Gas Reliability Panel similar to the existing electricity Reliability Panel, would be best placed to develop the standard. We continue to consider that the metrics for AEMO's threat notices/ risk protocol levels should be set by an independent external party. AFMA supports the AEMC's Option 3 proposal to establish a representative Gas Review Committee to review both DWGM and STTM market settings and give the necessary independent perspective.

AFMA also notes the paper proposes that the Committee would develop a figure of 'willingness to pay' of relevant gas customers and market participants to avoid curtailment. In determining this figure, AFMA recommends that the committee focus on large gas customers willingness to pay.

### **4. GSOO/ VGPR**

AFMA supports AEMO exploring the use of a probabilistic metric in its shortfall assessment. Nonetheless, at a time where government is focused on streamlining and harmonising of data collection, we think it important that any new assessments conducted by AEMO be based on existing information sources and public data, rather than seeking additional data from market participants. Again, with the aim of reducing burden and productivity drain, we believe that AEMO's analysis should focus on risks that are genuinely credible and seek to avoid overly conservative forecasts which could prompt unnecessary AEMO interventions.

#### **AFMA Recommendations**

- i. A probabilistic metric for the protocol should be used
- ii. The timing parameter requires measured consideration
- iii. There should be no initial linkage of AEMO's trading/ direction functions to the new protocol
- iv. A Gas Review Committee should set the metrics for AEMO's threat notices
- v. New assessments should add no further data burden to market participants

AFMA would welcome the opportunity to discuss this submission further and would be pleased to provide further information or clarity as required. Please contact Monica Young via [myoung@afma.com.au](mailto:myoung@afma.com.au) or 02 9776 7917.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Monica'.

Monica Young

**Policy Manager**