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Wholesale Electricity Markets
Energy Policy WA – DEED
Level 1, 66 St Georges Terrace
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Dear Sir/Madam,

Re: 2026 Benchmark Technology Review – Draft Determination for Consultation

Australian Gas Infrastructure Group (AGIG) welcomes the opportunity to provide feedback on the draft determination for the 2026 Benchmark Technology Review.

AGIG's vision is to deliver infrastructure essential to a sustainable energy future. Through our assets including the Dampier to Bunbury Natural Gas Pipeline (DBNGP) and the Tubridgi Gas Storage Facility, distribution networks, and renewable gas projects, we deliver energy to Australians every day who value gas for its reliability, affordability, and performance. These assets play a central role in system adequacy, security of supply and the facilitation of gas-powered generation, mining, and manufacturing across WA and throughout Australia.

We support DEED's objective of ensuring that the Benchmark Reserve Capacity Price (BRCP) reflects the lowest-cost technology capable of maintaining reliability and security in the (SWIS). We also acknowledge the thorough analysis undertaken to assess a broad range of technologies and configurations.

While we recognise the draft conclusion that an E-Class Simple Cycle Gas Turbine (SCGT) certified on distillate represents the lowest fixed-cost benchmark technology for both Peak and Flexible Capacity, we have concerns regarding the treatment of gas transportation and fuel security costs within the proposed benchmark configuration.

Recognition of gas infrastructure requirements

The proposed benchmark assumes a dual-fuel SCGT certified on distillate, operating primarily on natural gas where practical, with a gas lateral connection but without inclusion of firm gas transportation reservation costs on the DBNGP. DEED's position is that gas reservation costs should be treated as variable costs and recovered through energy market revenues rather than through the Reserve Capacity Mechanism.

We are concerned that this approach understates the efficient costs required to support gas-fired generation.

The benchmark derives much of its economic benefit from the assumption that natural gas will be the primary operating fuel, yet excludes the costs associated with securing access to that fuel. In doing so, the assessment recognises the benefits of gas supply without fully recognising the necessary costs. As the Reserve Capacity Mechanism is intended to support reliable supply during periods of system stress, an efficient new entrant assessment should reflect not only the physical capability to operate on gas, but also the commercial arrangements reasonably required to ensure reliable access to fuel when required.

Inconsistency in the treatment of gas transportation costs

While DEED characterises gas transportation reservation charges as costs recoverable through energy market revenues, reservation services differ fundamentally from fuel consumption costs. Reservation charges are incurred irrespective of actual gas throughput and are paid to access to pipeline capacity. Unlike commodity charges, which vary with gas consumption, reservation charges reflect the cost of maintaining fuel supply capability and ensuring capacity availability.

Long-Term Investment Signals

The proposed benchmark appears to assume that transportation capacity will be available when required without recognising the costs incurred by market participants to secure that capacity. In practice, firm transportation rights exist because capacity is constrained and users place value on certainty of access during periods of high demand. Excluding these costs from the benchmark risks understating the efficient cost of maintaining reliable fuel supply and may weaken incentives to secure transportation capacity and invest in infrastructure that supports dispatchable generation and system reliability.

As coal retirements continue and the SWIS becomes increasingly dependent on renewable generation balanced by flexible resources, gas-fired generation is expected to remain a critical contributor to reliability and security. The infrastructure required to transport gas to those facilities should therefore be appropriately recognised within the benchmark assessment.

Reliability and Fuel Security Considerations

We note that gas-only configurations were assessed as being more expensive largely because they incorporate infrastructure and transportation capacity necessary to satisfy reserve capacity fuel availability requirements, whereas the dual-fuel benchmark avoids much of this cost through reliance on distillate certification arrangements. We question whether a benchmark that assumes routine gas operation but assigns no value to securing access to transportation capacity can provide the most accurate representation of a prudent and efficient market entrant, particularly given the broader system security benefits associated with maintaining access to reliable gas transportation infrastructure.

DBNGP reference services terms and conditions and tariff structure

Were the benchmark technology to include the costs of gas transport it should also recognise the nature of transportation services provided under the access arrangement set for the DBNGP. The reference tariff structure is intentionally weighted toward fixed reservation charges, reflecting the substantial capital investment required to construct, maintain and operate a high-pressure transmission pipeline capable of delivering secure and reliable gas supply on demand.

Reserved capacity provides the contractual right to access pipeline capacity, thereby transferring transportation availability risk from the shipper to the service provider. The associated reservation charges reflect the cost of maintaining pipeline capacity, capability and operational readiness, rather than the cost of transporting individual quantities of gas.

As a consequence, the exclusion of reservation charges from the benchmark technology may not adequately reflect the efficient cost of securing reliable fuel supply for a gas-fired generator that is expected to operate predominantly on natural gas. Recognition of these costs within the benchmark assessment would more accurately reflect the cost of maintaining the transportation infrastructure and capacity rights necessary to support reliable generation outcomes in the SWIS.

Conclusion

We support DEED's efforts to establish efficient benchmark technologies and agree that gas-fired generation continues to play an important role in maintaining reliability in the SWIS. However, we believe the proposed treatment of gas transportation costs understates the efficient costs required to support dependable gas-fired generation and may weaken long-term investment signals for critical energy infrastructure.

We encourage DEED to reassess the treatment of gas transportation services within the benchmark framework and consider whether an efficient new entrant expected to operate predominantly on natural gas would

reasonably secure transportation capacity as part of its fuel supply strategy. Where such services would reasonably be procured, their costs should be reflected in the benchmark technology assessment.

We appreciate the opportunity to provide feedback and would welcome further engagement on these matters.

Yours sincerely,

A solid black rectangular box used to redact the signature of Trent Leach.

Trent Leach

Head of Commercial Operations (DBNGP)
Australian Gas Infrastructure Group