

14 October 2021

COAG Energy Council

Via email: [gas@industry.gov.au](mailto:gas@industry.gov.au)

To whom it may concern,

## **Improving gas pipeline regulation – proposed legal package to give effect to the Decision RIS**

Australian Gas Infrastructure Group (AGIG) welcomes the opportunity to provide feedback on the proposed legal package to give effect to the Decision Regulation Impact Statement, Options to Improve Gas Pipeline Regulation (Decision RIS).

AGIG is one of the largest gas infrastructure businesses in Australia. We serve over two million customers across every mainland state and the Northern Territory through 34,000km of distribution networks, more than 5,500km of transmission pipelines and 57 petajoules of storage capacity.

We consider the proposed legal package largely gives effect to the intention of the Decision RIS in providing for the implementation of a simpler regulatory framework that will continue to support the safe, reliable and efficient use of and investment in pipelines, which we support. However, we have identified a number of key areas for improvement in Attachment A.

More broadly, we believe better outcomes could be achieved in some areas with further changes to the drafting. Firstly, the approach to individual price disclosures does not take into account circumstances where this may not be desirable. For example existing circumstances where price disclosures are not required because of confidentiality reasons when only two shippers use a pipeline. The decision RIS suggested that in overseas markets this has no detrimental effect on competition in upstream or downstream markets, but we note these markets are significantly different to those in Australia.

Outside the main east coast gas markets, gas markets in Australia, especially those involving pipelines with only a small number of shippers, are often more geographically constrained, particularly in remote locations. Therefore, the publication of individual prices may have effects on competition not considered to date and unrecognised in the drafting. Further consideration should be given in the drafting to the confidentiality, market, and security implications of the publication of information. Furthermore, requiring price disclosures for storage services seems inappropriate where these services are offered in competitive markets, for example in Western Australia.

The current definition of a small shipper could also better achieve the policy intent with further refinement of drafting. As currently drafted the definition of a small shipper would for several pipelines certainly automatically include many users of pipelines that do not warrant the additional protections afforded to small shippers (including large retailers). We suggest the drafting include multiple criteria and some discretion for the regulator/dispute resolution body in determining a small shipper. This could include the size and market share of the shipper, their role in broader gas markets, and the proportion of capacity they hold on the pipeline in question. This approach would help to ensure that users with significant market power of their own are not automatically afforded the benefits of a small shipper as currently defined.

To ensure that the proposed drafting appropriately reflects the stated policy position we have also provided drafting suggestions on the greenfield pipeline provisions, the provision which allows the relevant regulator to draw an adverse inference (i.e. that full regulation should apply) if the service

provider does not provide any of the required information in a timely manner and the definition of a small shipper. More detail on our feedback is found in our response template attached to this letter.

Once again, I would like to thank you for the opportunity to feedback on the proposed legislative package. Should you have any queries about the information provided in this submission please contact Drew Pearman, Head of Policy and Government Relations ([drew.pearman@agig.com.au](mailto:drew.pearman@agig.com.au) or 0417 544 731).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Craig de Laine', with a period at the end.

**Craig de Laine**  
**Executive General Manager Customer and Strategy**

