

14 October 2021

Mr Sean Sullivan
Chair
Energy Senior Officials
Department of Industry, Science, Energy and Resources
Canberra, ACT, 2601

Senior Energy Officials

Sent via email to gas@industry.gov.au

ENA submission to Energy Senior Officials gas pipeline draft legal consultation package

Dear Mr Sullivan,

Thank you for the opportunity to make a submission on the draft legal consultation package to give effect to the Decision RIS on proposed gas pipeline regulation changes.

Energy Networks Australia (ENA) is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Information disclosure requirements

The Pipeline Decision Regulation Impact Statement (RIS) released in May 2021 outlines information disclosure requirements that would apply to scheme (full regulation) and non-scheme (lighter regulation) gas distribution networks and gas transmission pipelines. The policy decision in the RIS stipulates the publication of basic information, historical financial and demand information, and information on prices paid by other shippers unless an exemption is obtained.

These information disclosure requirements are proposed to be amended with the intent to address the identified information deficiencies and improve the quality, reliability, accessibility and usability of the information. ENA understands the intent of the information disclosure requirements, but we have concerns about duplication of reporting as the information disclosure requirements would apply to fully regulated gas distribution pipelines who already publish the overwhelming majority of the information specified in the draft rules. This will lead to duplication of publicly available information that is unlikely to improve outcomes for distribution network customers.

ENA understands that the specific information disclosure requirements outlined in the [draft rules](#) would require information that is currently published through separate means, such as through the AER's access arrangement or Regulatory Information Notices, to be re-published through a separate information disclosure process. This

approach does not promote the long-term interests of consumers as the proposed changes would necessitate a material increase in costs while the benefits for customers and stakeholders are unclear.

ENA also understands that there are draft rules that require new information to be published, including prices and terms for non-reference services, detailed service information and a user access guide. ENA notes that the publication of actual prices paid will result in commercially sensitive capacity and usage information of some distribution network customers being disclosed. In particular, the publication of a non-referenced services tariff for a particular user and their location may reveal details of that user's input costs to its market competitors. This outcome does not promote the long-term interests of customers. ENA notes that the consultation paper suggested that publication of information could cross reference information within an Access Arrangement, but the drafting does not appear to reflect this. The drafting should clearly identify that where information is included in an Access Arrangement, this can simply be cross-referenced rather than republished in a second format.

The current approach of requiring fully regulated distribution network pipelines to provide duplicate information and potentially commercially sensitive information under the draft rules is not fit for purpose and is unlikely to achieve the desired policy objective.

ENA believes that an alternative approach should be taken to information disclosure for fully regulated distribution network pipelines. ENA recommends that fully regulated gas distribution pipelines should be required to engage with the AER, users and other stakeholders during the development of their Access Arrangement to define what information must be disclosed. This approach would allow networks to engage with customers to co-develop fit-for-purpose information disclosure requirements and allow timely revisions in response to customer feedback. As such, the proposed drafting should exempt fully regulated gas networks from providing duplicate information.

This recommended approach also leverages the AER's existing processes and knowledge about current information disclosure requirements, reducing the potential overlap with already published information. ENA believes that this approach is more likely to achieve the policy intent of the information disclosure requirements.

Exemption threshold for some types of information provision

Pipelines are currently exempt from some information disclosure requirements if their average daily injection of gas into the network is less than 10 Terajoules per day. The Draft amendments to the National Gas Rules are proposing to replace the injection threshold with a maximum daily capacity threshold of 10 Terajoules per day.

ENA believes that a capacity is not the appropriate type of measure that should be used to determine an information disclosure exemption threshold for distribution networks. While capacity is commonly used in transmission pipelines, it does not apply to distribution networks in the same meaningful way and there are better and more targeted measure that can be used. ENA suggests that retaining the current

threshold of 10 TJ of gas injected per day on average for distribution networks would be more prudent than applying a capacity threshold.

Alternatively, a customer connection threshold would also be more relevant to the size of a distribution network than a capacity threshold. Energy Senior Officials could also consider the implementation of a customer connection-based threshold. ENA believes that an appropriate threshold might be set at 10,000 customers.

Further consultation with Distribution Network Service providers is warranted

Given the scope of the proposed changes to information disclosure requirements and ENA's concerns with the approach to their implementation, ENA recommends that Energy Senior Officials undertake further consultation with Distribution Network service providers to design more targeted and fit-for-purpose implementation approaches.

If you would like to discuss the contents of this submission, please contact Chris Gilbert at cgilbert@energynetworks.com.au

Dennis Van Puyvelde

Dennis Van Puyvelde
Head of Renewable Gas