

Attachment B

Stakeholder feedback template

Submission from Tas Gas Networks Pty Ltd

The template below has been developed to enable stakeholders to provide feedback on the draft amendments to the NGL, Regulations and NGR as per the consultation paper. Energy Senior Officials strongly encourage stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue.

1. Questions for stakeholders

Number	Question	Response
1 Page 22	Do you agree with the proposal to allow Chapter 4 of the NGL, or particular provisions in this chapter, to be applied to a person other than a service provider if prescribed in Regulations? If not, please explain why not.	No comment
2 Page 22	Do you think it is necessary to prescribe any persons other than a service provider in the Regulations at the commencement of the legal package, or should it be assessed at a later stage? If you think the Regulations should prescribe any persons other than a service provider at the commencement of the legal package, please explain why.	No comment
3 Page 22	Do you agree with the proposal to replace the voluntary access arrangement mechanism with a scheme election option? If not, please explain why not.	No comment
4 Page 25	Do you agree with the proposal to allow the relevant regulator to determine that a pipeline should be subject to full regulation if the service provider has not provided any of the required information in a timely manner and to the reasonable satisfaction of the relevant regulator? If not, please explain why not.	We have some concerns about this proposal, given the implications for small service providers such as TGN of being subjected to full regulation. The relevant regulator's right to make such a determination should be exercisable only in exceptional circumstances and should be subject to a notification requirement to enable the service provider to address any matters about which the relevant regulator is not satisfied. If a pipeline is subjected to full regulation then the service provider should be afforded a reasonable period of time in which to comply with the additional regulatory obligations that will be apply to it as a consequence of the relevant regulator's determination.
5 Page 27	Do you agree with the proposal to employ the same test for form of regulation and greenfields incentive determinations, but modified in the manner set out above?	No comment

Number	Question	Response
6 Page 28	Do you agree with the proposal to remove the 15-year price regulation exemption and to treat all pipelines in the same manner for the purposes of any greenfields incentive? If not, please explain why not.	No comment
7 Page 30	Do you agree with the proposal to require expansions of non-scheme pipelines to be treated as part of the same pipeline for the purposes of the NGL and NGR? If not, please explain why not.	We note that this proposal gives rise to an issue in relation to the entitlement of a service provider to obtain an exemption from the obligation to comply with certain of the information disclosure requirements under the new Part 10 of the NGR. It is currently proposed that the entitlement to an exemption will depend upon the subject pipeline having a nameplate rating (or in the case of a distribution pipeline, a maximum daily capacity under normal operating conditions) of less than 10 TJ/day. A service provider may be disinclined to expand the capacity of a non-scheme pipeline if the consequence of doing so would be to increase the nameplate rating/maximum capacity of the pipeline to above 10 TJ/day, thereby disentitling the service provider to an exemption. This is a factor that should be taken into consideration in determining the pre-requisites for the grant or preservation of an exemption. As noted below, we consider that a throughput based threshold is more appropriate than one based on nameplate capacity or maximum capacity.
8 Page 32	Do you agree with the proposed changes to the pipeline classification and reclassification mechanism? If not, please explain why not.	Yes
9 Page 34	Rule 109 currently prohibits a service provider from making it a condition of the provision of a particular pipeline service that the prospective user accept a non-gratuitous service unless the bundling of services is reasonably necessary. Do you: (a) Agree with the scope of this prohibition, which has been adopted in the draft legal package and only applies to the bundling of non-gratuitous services? (b) Think the prohibition should apply more broadly to any bundling of services (i.e. gratuitous and non-gratuitous services) unless it is reasonably necessary?	No comment
10 Page 35	Do you think s. 134 of the NGL (renumbered s. 148E), which imposes obligations on producers in relation to the supply and haulage of natural gas using scheme pipelines, should be retained in the regulatory framework or removed? Please explain your response to this question.	No comment
11 Page 35	If you think the obligation (refer to question 10) should be retained in the NGL, do you think:	No comment

Number	Question	Response
	<p>a. it should continue to just apply to producers, or do you think the obligation should extend to retailers? Please explain your response to this question.</p> <p>b. it should continue to just apply to scheme pipelines, or do you think the obligation should extend to non-scheme pipelines? Please explain your response to this question.</p>	
<p>12 Page 38</p>	<p>Do you agree with the proposed interconnection requirements, or are there:</p> <ul style="list-style-type: none"> - other requirements that you think should be specified in the NGR? - some requirements listed in section 4.2 that you think should not be specified in the NGR? <p>If you think the proposed interconnection requirements need to be amended, please explain why you think this is required.</p>	<p>No comment</p>
<p>13 Page 40</p>	<p>Do you agree with the proposal to limit the prohibition on cross-subsidising the development of new capacity to transmission pipelines operating under the contract carriage model? If not, please explain why not.</p>	<p>No comment</p>
<p>14 Page 40</p>	<p>Do you agree with the proposal to require the dispute resolution body in a scheme pipeline access dispute and the arbitrator in a non-scheme pipeline access dispute to (where relevant) give effect to the prohibition on cross-subsidising the development of new capacity in their access determinations?</p>	<p>No comment</p>
<p>15 Page 45</p>	<p>Do you agree with the proposed cost allocation principles in the draft rules? If not, please explain why not.</p>	<p>TGN will seek to maintain exemptions in relation to the proposed cost allocation principles. See our comments elsewhere in this table relating to the pre-requisites for an exemption.</p>
<p>16 Page 45</p>	<p>Are the proposed cost allocation principles likely to conflict in any way with the principles applying to scheme pipelines in Part 9 of the NGR? If so, please explain in what way they conflict and how the conflicts could be resolved.</p>	<p>No comment</p>
<p>17 Page 47</p>	<p>Do you agree with the proposal to require service providers to publish the following non-price terms and conditions alongside the individual prices paid by shippers:</p> <ul style="list-style-type: none"> (i) the date the trade was entered into and the service term; 	<p>TGN considers that the unique circumstances which apply to its distribution pipelines in Tasmania (as outlined in the covering letter to this response) would make it extremely costly and burdensome for it to comply with the proposed information disclosure obligations. In Tasmania, customers consuming over 10 TJ/annum are required to contract directly with TGN as the distribution pipeline service provider under a Gas Distribution Service Agreement (GDSA). Accordingly such customers</p>

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	<p>(ii) the type of service provided and the service priority (e.g. firm, as available or interruptible);</p> <p>(iii) the receipt and delivery points at or between which the service is provided and in the case of a forward haul or backhaul service, the direction of the service;</p> <p>(iv) the contracted quantities, expressed as a maximum daily quantity (in GJ/day) and maximum hourly quantity (in GJ/hour);</p> <p>(v) the price escalation mechanism;</p> <p>(vi) whether or not the transaction is on the same or substantially the same terms as the pipeline's standard terms for that service; and</p> <p>(vii) the imbalance and overrun allowance associated with the service?</p> <p>If you do not agree with this proposal because you think there are:</p> <p>a other non-price terms and conditions or information that should also be reported (e.g. other non- liability caps, gas specification, higher heating value requirements etc), please identify what those other non-price terms and conditions are and why you think they should be reported; and/or</p> <p>b some non-price terms and conditions listed in (i)-(vii) that should not be reported, please identify what those non-price terms and conditions are and why you think they should not be reported.</p>	<p>are all "users" for the purposes of the NGL and the NGR – TGN currently has 67 shippers using its network under GDSAs. There are confidentiality provisions in the GDSAs which prevent TGN from publishing both price and non-price terms and conditions.</p> <p>As stated below in our response to question 22, unless an exemption from the obligation to comply with these information disclosure obligations can be maintained, then the service provider should be afforded a reasonable period of time to achieve compliance or obtain a derogation. Having regard to the unexpired term of the GDSAs, a grace period of three years would be required to enable TGN to restructure the contractual arrangements in relation to all of its GDSA shippers so as to avoid the need to publish the required information in relation to each of them separately.</p>
<p>18 Page 52</p>	<p>In relation to past capital contributions, do you:</p> <p>(a) Agree with the proposal to extend the requirement to consider past capital contributions to non-scheme pipelines? If not, please explain why not.</p> <p>(b) Think the requirement to consider past capital contributions should only apply to contributions of capital by the user to fund installations or the construction of new facilities, or should it also apply to contributions to the original construction of the pipeline? Please explain your response.</p> <p>(c) Think the extent to which a party has fully recouped past capital contributions should be taken into account by the relevant adjudicator when making an access determination?</p>	<p>No comment</p>
<p>19 Page 52</p>	<p>Do you agree with the proposal to extend the safety of operation provisions to non-scheme pipelines? If not, please explain why not.</p>	<p>Yes</p>

Number	Question	Response
20 Page 56	Do you agree with the proposed definition of a small shipper? If not, please explain why you think this threshold is not appropriate and set out the alternative definition you think should be employed.	No comment
21 Page 56	Do you agree with the proposal to accord small shippers that are using either a scheme or non-scheme pipeline the option to elect to have a dispute mediated by a regulator appointed mediator? If not, please explain why you think the extension of this option to scheme pipelines should not occur.	No comment
22 Page 58	Do you agree with the proposed approach to each of the transitional arrangements set out in Table 9.1? If not, please explain why not.	<p>Service providers which have Category 3 exemptions under Part 23 of the NGR are to be taken to have a Category 2 exemption from the information disclosure obligations under Part 10 of the NGR. The entitlement to such an exemption should be based on pipeline throughput rather than nameplate rating or maximum operating capacity. TGN's existing Category 3 exemption from the disclosure requirements under Part 23 is predicated on the average daily injection into the pipeline calculated over the immediately preceding 24 months being less than 10 TJ/day.</p> <p>If an existing exemption ceases to apply, the affected service provider should be given a reasonable period of time to achieve compliance with the information disclosure obligations or to seek a derogation. As noted in our response to question 17 above, a grace period of three years would be required for TGN to restructure the contractual arrangements in relation to its GDSA shippers in order to avoid the need to publish the required information in relation to each of them separately.</p>
23 Page 58	Are there any other transitional arrangements that you think need to be provided for in the NGL or NGR? If so, please explain what they are and why they are required.	Where the new legislation imposes ring fencing obligations which are not imposed under the existing legislation there should be a reasonable transitional period to enable the service provider to put the necessary changes in place.
24 Page 58	Do you agree with the proposal to treat expansions that do not currently form part of a scheme pipelines that is subject to full regulation as part of the scheme pipeline from the commencement of the new package and to be rolled into the access arrangement at the next access arrangement review? If not, please explain why not.	No comment
25 Page 58	Are you aware of any transitional arrangements that would need to be provided for to account for similar examples under the regulatory framework?	No comment
26 Page 68	Do you agree with the proposal to remove the scheme pipeline grandfathering arrangement for contracts that were in force prior to 30 March 1995? If not, please explain why not.	No comment

Number	Question	Response
<p>27 Page 77</p>	<p>Do you agree with the proposal to require the following non-price terms and conditions to be published by Part 18A facility service providers alongside the individual price information?</p> <ul style="list-style-type: none"> - the facility by means of which the service is provided; - the date the contract was entered into or varied and the service term (start and end dates); - the type of service provided (for example, a storage service, compression service) and the priority given to the pipeline service (such as firm, as available or interruptible); - the contracted quantity, which for: <ul style="list-style-type: none"> – a compression service facility should be the maximum daily quantity (in GJ/day); – a storage facility should be: <ul style="list-style-type: none"> • the storage capacity the subject of the transaction (in GJ); and • where relevant, the injection and withdrawal capacity, expressed as a maximum daily quantity or MDQ (in GJ/day); - whether the service is provided on the same or substantially the same non-price terms as those set out in the standing terms published by the service provider; - the price paid for the service as specified in the contract (if these prices are not expressed on a \$/GJ/day or \$/GJ basis, service providers will also be required to publish the price converted to such a basis together with an explanation as to how the conversion was made); - the price structure applicable to the service (for example, whether it is a fixed price or a variable price or a combination of the two); and - any price escalation mechanism applicable to the price paid for the service. <p>If you do not agree with this proposal because you think there are:</p> <p>a) other non-price terms and conditions or information that should also be reported, please identify what those other non-price terms and conditions are and why you think they should be reported; and/or</p>	<p>No comment</p>

