



19 May 2022

Energy Senior Officials
Department of Industry, Science, Energy and Resources
GPO Box 2013
CANBERRA ACT 2601

Submitted via email: renewablegas@industry.gov.au

Dear Senior Officials

Extending the national gas regulatory framework to hydrogen and renewable gases and blends (Proposed changes to NGL, NERL and National Regulations) – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Energy Officials' Consultation Paper on Extending the national gas regulatory framework to hydrogen and renewable gases and blends.

Origin generally supports the refined approach proposed, which provides greater certainty over the gases and blends that would initially fall within scope of the national regulatory framework and a clear process for extending the framework to cover other gases/blends in the future if jurisdiction(s) consider it appropriate. We also agree it is appropriate to extend the pipeline access regime to all transmission and distribution pipelines involved in the transportation of covered gases and apply a lighter handed framework to blending facilities, given the potential for competition to emerge in that market segment.

We have provided comments on the specific questions raised in the Consultation Paper in Attachment 1. If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

A handwritten signature in blue ink, appearing to be "Steve Reid".

Steve Reid
Group Manager, Regulatory Policy

No.	Questions	Feedback
Proposed extension of the NGL and National Gas Regulations		
2.1	<p>What are your views on the proposed extension of the pipeline access regime to all pipelines transporting covered gases (i.e. natural gas, biomethane, synthetic methane, hydrogen and blends of these gases) and the impacts it may have on smaller players or new entrants? In responding to this question please consider:</p> <ul style="list-style-type: none"> ▪ the proposal to extend to the regime in this way from the commencement of the reforms; ▪ the potential impact on industry development, including where it may support the development a competitive and cost-efficient hydrogen and renewable gas industry, or may create barriers; ▪ the proposed changes to the pipeline ring-fencing arrangements; and ▪ the proposed power to exempt remote pipelines. 	<p>We are supportive of extending the pipeline access regime to all transmission and distribution pipelines involved in the transportation of covered gases such that they are treated on an equivalent basis to natural gas pipelines from the commencement of the reforms. Providing jurisdictions with scope to exempt remote pipelines will also assist with reducing the potential regulatory burden on pipelines hauling a covered gas other than natural gas or natural gas equivalent (NGE). However, it would be beneficial for the regulatory framework to provide additional clarity around how the responsible Minister would determine the appropriateness of such exemptions beyond simply having regard to the national gas objective (NGO).</p> <p>Origin agrees minimum ring fencing requirements applicable to pipeline service providers should also be extended to cover the following contestable activities:</p> <ul style="list-style-type: none"> ▪ the production of any primary gas or processable gas, and the purchase or sale of any covered gas or processable gas; and ▪ the provision of blend processing services by means of a blend processing facility. <p>This approach is consistent with the manner in which ring fencing arrangements are currently applied to pipeline service providers in the NGL and is unlikely to stymie the development of the hydrogen and renewable gas industry, given there is scope for pipeline service providers to partner with other unrelated parties involved in the production, purchase or sale of covered gases.</p>
2.2	<p>What are your views on the proposed new light-handed access regime for blend processing facilities?</p>	<p>Origin is generally not supportive of mandating the provision of third-party access to upstream infrastructure (e.g. processing facilities), given the services offered are contestable and owners of such facilities have a strong commercial incentive to offer third party access where there is any underutilised capacity. Mandating third party access could also impose substantial costs on industry.</p> <p>Notwithstanding the above, to the extent there is still some uncertainty around how the market for blend processing services will evolve, we agree the application of a light-handed third party access regime (at least initially) would be more appropriate than extending the pipeline access framework to cover blending facilities. To the extent competition in the provision of blending services does emerge over time, further consideration could be given to the appropriateness of retaining the access regime and its associated ring-fencing arrangements.</p>
2.3	<p>When developing the refined approach, a number of steps have been taken to minimise regulatory costs and risks for industry participants and new entrants. Do you think any additional steps are required? If so, please explain what they are and why they are required.</p>	<p>Origin has not identified any additional steps.</p>

2.4	<p>Do you agree with the AEMC's recommendations (see section 3.2) that the NGL be amended to:</p> <ul style="list-style-type: none"> ▪ enable rules to be made so that AEMO can collect information for the purposes of the VGPR and capacity modelling from facilities that do not otherwise participate directly in the DWGM? ▪ limit the potential for the unintended application of the GSOO provisions in the NGL? <p>If you disagree with either of these recommendations, please explain why.</p>	<p>We are supportive of the proposed enabling amendments which are intended to support market transparency, subject to any associated reporting requirements being appropriately targeted.</p>
2.5	<p>Do you agree with the AER's recommendations (see section 3.2) that the NGL be amended to:</p> <ul style="list-style-type: none"> ▪ accord the regulator the power to impose additional ring fencing requirements on a class of service providers or associates through a ring-fencing order? ▪ allow conditions to be imposed on minimum ring-fencing exemptions issued under the NGR? <p>If you disagree with either of these recommendations, please explain why.</p>	<p>Origin is generally supportive of the proposed changes. We have provided comments on the broader suite of AER recommendations related to the National Gas Rules (NGR) as part of the Australian Energy Market Commission's (AEMC) separate review process.</p>
2.6	<p>Are any transitional arrangements required in the NGL to accommodate the extension to covered gases? If so, explain what they are and why they are required.</p>	<p>Origin has not identified any necessary transitional arrangements relating to the NGL.</p>
Proposed extension of the NERL and National Energy Retail Regulations		
3.1	<p>What are your views on the approach to identifying NGEs and defining prescribed covered gases?</p>	<p>We agree jurisdictions should be required to authorise the supply of a covered gas through a pipeline prior to it being classified as an NGE for the purposes of the NERL/NERR. This would be important in ensuring only blends suitable for consumption in existing appliances are authorised for supply to retail customers.</p>
3.2	<p>What are your views on the separate authorisation and exemption of natural gas and NGEs (as one group) and prescribed covered gases (as separate products)?</p>	<p>Origin supports the proposed approach and agrees an appropriate transitional measure would be to provide for existing natural gas retailer authorisations and extensions to be extended to NGEs.</p>
3.3	<p>Are any transitional arrangements required in the NERL to accommodate the extension to covered gases? If so, explain what they are and why they are required.</p>	<p>Origin has not identified any additional transitional arrangements.</p>