

30 November 2005

The Manager
MCE Secretariat
Department of Industry, Tourism and Resources
GPO Box 9839
Canberra ACT 2601

Dear Sir/Madam

**Re: Response to MCE's Proposal for Consultation
on the Review of the National Gas Pipelines Access Regime**

Please find attached the APIA final response to the MCE's consultation on the Government response to the *Productivity Commission Review of the Gas Access Regime*.

As mentioned previously, while APIA supports a consistent approach to the regulation of gas and electricity distribution and transmission where this approach is relevant and beneficial, we urge that "standardisation" not be pursued at all costs. Optimal outcomes should not be sacrificed for the sake of standardisation. For information, differences are highlighted on page 3 of the attached submission.

Also, APIA does not support the proposal for the AEMC to replace the NCC as the coverage recommendation body, or for the decision on coverage to be separated from the decision on the form of regulation. We are also concerned that the Terms of Reference for the Expert Panel are too broad and suggest that, in order to further extension of the current process, the ToR be narrowed to more closely reflect the PC recommendations.

In general, APIA supports the MCE proposals on greenfields and "light-handed" regulation (or monitoring). Some concerns with regard to the detail are highlighted in the attached submission.

In response to a request made at the SCO forum on 23 November, we also include in our submission our comments on the "regulatory ranges" issue. It should be noted that an important consideration in assessing the potential costs and benefits of the PC's proposed approach is the finding on the asymmetric consequences of regulatory error. The PC's finding in the review of the gas access regime was that the key risk facing infrastructure regulation was that access prices could be set too low. The PC recommended that the costs of access prices being set too low far outweighed the costs of access prices being set to high.

Thank you again for providing further opportunity to comment.

Yours sincerely



CHERYL CARTWRIGHT
Chief Executive

AUSTRALIAN PIPELINE INDUSTRY ASSOCIATION LTD

ABN: 29 098 754 324 • ACN: 098 754 324

REGISTERED OFFICE: 1ST FLOOR, 7 NATIONAL CIRCUIT, BARTON ACT 2600

MAILING ADDRESS: PO Box 5416, KINGSTON ACT 2604

TELEPHONE: 02 6273 0577 • FACSIMILE: 02 6273 0588

EMAIL: apia@apia.asn.au • WEBSITE: www.apia.net.au