

Ministerial Council on Energy

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Release of the MCE Response to the Productivity Commission Review of the Gas Access Regime

The Ministerial Council on Energy (MCE) today announced the release of its response to the Productivity Commission Review of the Gas Access Regime. This follows extensive consultation in 2005. The [response](#) has been posted on the MCE website.

The response contains key policy decisions which will be incorporated in the new National Gas Law and National Gas Rules. In accordance with the Productivity Commission's key recommendations, the following changes will be made to the Gas Access Regime:

- an overarching objects clause will be introduced to clarify the regime's objectives;
- changes will be made to the regime's scope to align it with the National Access Regime; and
- a light handed regulatory option will be introduced.

The MCE also wishes to highlight that two incentives to encourage investment in new pipeline infrastructure will be implemented. The first of these is a binding no-coverage ruling, as recommended by the Productivity Commission, which may be granted by the relevant Minister following a recommendation by the National Competition Council. The second is a price regulation exemption which may be granted by the Commonwealth Minister to international transmission pipelines which bring foreign gas to Australia.

In addition to the implementation of the full package of reforms in the National Gas Law and Rules, these incentive arrangements are being introduced to the South Australian Parliament as amendments to Schedule 1 of the existing *Gas Pipelines Access (South Australia) Act*. This will enable their uptake by market participants in a more timely manner ahead of the commencement of the National Gas Law.

MCE consideration of a number of matters in the response has been further informed through the Expert Panel advising on a model to achieve a common approach to revenue and network pricing across the energy market. Final policy outcomes of these matters will be contained in the full legislative package, the exposure draft of which will be released shortly.

MCE Standing Committee of Officials
9 May 2006