



**FINAL SUBMISSION**

**Review of the National Gas Pipelines Access  
Regime: response to the SCO Consultation Paper**

**September 2005**

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## **1 EXECUTIVE SUMMARY**

The Gas Code has been in operation for seven years, and while it has delivered a number of benefits, we are not surprised that the Productivity Commission (PC) found problems with the current regime. However, we disagree with the PC's finding that the current gas access regime distorts pipeline investment in favour of lower risk projects. We view the PC recommendations on a light handed regime as a victory for the intense campaign waged against the Code by the gas pipeline industry during the past 5 years.

The EUAA is concerned by the apparent lack of balance in the PC's proposals. Correcting perceived previous regulatory injustices to service providers is sensible, but so is the correction of injustices to end users of gas. Therefore, we are encouraged by the SCO's more balanced appraisal of the PC recommendations as they better balance the needs of the gas pipeline industry and end users of gas.

### **Insertion of an objects clause**

- The EUAA supports the move by the SCO to include an objects clause in the new gas access regime.
- We support the inclusion of specific references to customers of natural gas as well as specific references to price, quality, reliability, safety and security of natural gas.
- We prefer the first drafting option presented by the SCO. We believe this option provides consistency with electricity without the need to amend the NEL.

### **Deletion of the preamble**

- The EUAA considers that the PC's recommendation to delete all components of the preamble is shortsighted. We accept that elements of the proposed objects clause and the preamble overlap, however, this is not the case for all of the preamble.
- The EUAA concurs with the SCO view that a set of common provisions be developed for energy markets that underpins the proposed gas objects clause and the NEL Single Market Objective. We consider this process to be part of a much wider agenda that requires a more comprehensive review of the issues.

### **Scope of coverage and the form of regulation**

- We have some serious concerns about how the new coverage tests would be applied in practice. We contend that insufficient detail has been provided regarding the operation of both the models presented in the Consultation Paper. It appears that the models have been developed without a sufficient understanding of how they may be applied in practice, this is especially the case in regards to the PC recommended

option.

- The EUAA supports a model that would consider coverage against no coverage to ensure that the potential to abuse monopoly power is minimised. Pipelines that exhibit the potential to abuse market power would be able to price above competitive levels under a price monitoring approach. Therefore, price monitoring is only a suitable regulatory regime for those pipelines without market power.
- The EUAA does not support the PC model with the inclusion of an arbitration option. The evidence in other industries, such as rail, demonstrates that the process of arbitration is a lengthy and costly process that can often end up more than determining prices upfront. However, a model without arbitration is only suitable when the test for coverage is sufficiently strong that pipelines with some market power are covered under the regime.

### **Promoting greenfields projects**

- We agree with the SCO that the uncertainty created by the PC model may lead to the potential delaying of investment, thereby reducing the entry of competition into the market. Therefore, we support the COAG model as presented in the Consultation Paper. However, we consider that it is important that the SCO provide a clear definition of greenfields pipelines in order to further improve certainty.
- The EUAA has some concerns regarding the length of the regulation ‘holiday’ that is granted to the pipeline. We believe it should be a 10 year period as this facilitates certainty for pipeline investors while ensuring that, should a pipeline display market power, coverage can occur before an extended period of higher than efficient prices.
- We also support the use of non-price obligations on greenfields transmission projects.

### **Guidance, principles and regulatory processes**

- The EUAA is very supportive of moves by the SCO to develop a set of consistent guidance, principles and regulatory processes with electricity.
- We consider that the SCO should release a consultation paper as soon as possible outlining all the areas it considers would be captured within the scope of the review of common provisions.
- A prudent approach would be that the SCO (or the AEMC) is empowered to develop nationally consistent guidance, principles and regulatory processes once the Gas Access Regime is implemented in order to remove duplication and inconsistency between electricity and gas access regulation where applicable.

## **2 INTRODUCTION**

The Energy Users Association of Australia (EUAA) welcomes the opportunity to provide comments on the Ministerial Council on Energy Standing Committee of Officials (MCE-SCO), Consultation Paper on the Review of the National Gas Pipelines Access Regime.

The EUAA is a non-profit organisation focused entirely on energy issues. Members determine EUAA policy and direction. The EUAA represents a wide spectrum of end-users in all Australian States and has around 80 members, predominantly business end-users with activities across all states and many sectors of the economy. These include many of Australia's largest gas and electricity users. EUAA activities cover both national and sub-national issues. See [www.euaa.com.au](http://www.euaa.com.au) for more information on the EUAA.

The cost of gas transportation represents a significant proportion of an end users final gas bill. Moreover, gas transmission pipelines play a significant role in ensuring gas supply and competition. Hence, the EUAA considers that the development of a gas access regime that results in reasonably priced and reliable gas supplies for large business end users is of critical importance in maintaining Australian industry's comparative advantage in energy costs.

The current Gas Code (Code) has been in operation since 1997, hence we supported the Productivity Commission (PC) Review to ensure that the Code still fulfills its designated role, which is to make the Australian gas industry more competitive and dynamic and deliver more competitively priced and reliable gas to end users.

Given that the Code has been in operation for seven years and the gas pipeline industry has evolved significantly since then, the EUAA is not surprised that the PC found problems with the current regime and we agree with a number of them, including:

- high information and research costs;
- too many regulatory decisions; and
- issues with the governance arrangements.

All of these impact negatively on users participating in regulatory decisions by creating increased costs and uncertainty.

The remainder of this submission is broken into two parts. The first part provides some comments on the PC finding that the current Gas Code regime distorts gas pipeline investment. The second part provides comments on the specific issues raised in the SCO Consultation Paper in response to the PC recommendations.

### **3 MMA ADVICE REGARDING THE FINAL PC REPORT**

In November 2004 McLennan Magasanik Associates (MMA) provided the EUAA with advice to inform our response to the PC Review of the Gas Access Regime. The scope of this assignment specified that this advice should be in respect of what actions, in relation to changes in the gas access regime, would be in the best interests of energy users.

The report provided by MMA comprises of two sections. The first section addresses the main questions raised by the PC:

- Is there a case for a gas access regime?
- What are the problems with the current regime?
- What changes are required?

The second section addresses specific issues where MMA believe the PC's recommendations would result in Code changes adverse to gas users:

- Inclusively of all pipelines
- Conditions for coverage
- Linkage to other regulatory instruments
- Pricing issues.

The EUAA is providing this advice to the SCO along with this submission and the MMA report should be considered in conjunction with the information provided here.

## **4 EUAA COMMENTS ON PC FINDING: INVESTMENT BY GAS PIPELINE INDUSTRY**

The PC has recommended the use of a price monitoring approach to the regulation of the gas pipeline industry on the basis that the current regime inhibits investment. The EUAA disagrees with the PC's finding that the current gas access regime distorts pipeline investment in favour of lower risk projects. While the PC's analysis purports to show that this is likely to occur, evidence from actual investment suggests otherwise. Table 4.1 of the Final PC Report shows a significant number of new gas pipeline investments since the commencement of the Code. This accords with information provided to the PC by the EUAA and we are perplexed to understand why the PC seem to have ignored this.

In the case of two of the most significant pipelines completed during the past five years of the current regime, the Eastern Gas Pipeline (EGP) and the SEAGas Pipeline, both were constructed with significant capacity in excess of foundation shipper requirements. In the EGP's case, this capacity is available at no cost and in SEAGas case at the low marginal cost of additional compression. This clearly shows that the pipeline owners have not taken on the lowest capacity, least cost options. Hence, these investments demonstrate that the incentives are in place for pipeline investment. The fact that SEAGas was uncovered while EGP was covered (when the investment as made) demonstrates that the regime for coverage has been set at a level which has encourage efficient investment to date.

Moreover, the PC's analysis of this issue focuses only on the financial aspects of the regime and does not contemplate a complete counterfactual, namely no third party access. Without third party access to markets, it is arguable that gas now flowing down the above pipelines would have been kept out of the end markets and that the pipelines would not have been built. In this sense the regime would be viewed as highly positive for pipeline investment, though not incapable of improvement.

The EUAA also agrees with a number of the PC's recommendations in principle, in particular, the provision of binding rulings on non-coverage of new pipelines and the introduction of an objects clause, which can both significantly reduce regulatory risk. However, we have some concerns regarding the manner in which the PC has proposed to implement these measures and consider that improvements can be made.

## **5 EUAA COMMENTS ON SCO RESPONSE TO PC REPORT**

Overall we view the PC recommendations as a victory for the intense campaign waged against the Code by the gas pipeline industry during the past five years. The majority of the PC recommendations involve increasing the options available to service providers on the one hand and removing discretions available to regulators on the other. For example, the PC recommends that service providers are to be free to employ tariff design approaches other than the “building block” approach, however, the PC also recommends replacing the regulators’ pricing objectives with a more specific and operational set of pricing principles.

The PC also seems to have accepted “as an act of faith” that the pipeline industry will flourish more under a less intrusive approach to regulation but largely ignored the fact that the industry continues to be characterised by large elements of monopoly (or near monopoly) provisions and what the consequences of this are for gas users.

The EUAA is concerned by the apparent lack of balance in the PC’s proposals. Correcting perceived previous regulatory injustices to service providers is sensible but so is correction of injustices to end users of gas. A key example of this is the inability of gas users to obtain redress for initial asset capital valuations, which were set too high and are now locked in and gas users are paying for with higher than necessary gas tariffs.

It is in this light that the EUAA welcomes the Consultation Paper released by the SCO. The EUAA is encouraged by the SCO’s more balanced appraisal of the PC recommendations. We are pleased to see that the SCO has noted the PC recommendations, while considering various improvements to the recommendations that better balances the needs of the gas pipeline industry and end users of gas.

### **5.1 INSERTION OF AN OBJECTS CLAUSE**

The EUAA recognises that the SCO has agreed with the PC’s recommendation for an overarching objects clause. The EUAA also notes that the SCO provided two alternatives for a new objects clause, one based on the National Electricity Law (NEL) Single Market Objective and one based on the NEL and the national access regime.

The EUAA supports the move by the SCO to include an objects clause in the new gas access regime. The EUAA believes it is vital that the objects clause makes specific reference to end-users and to the factors that end-users consider important. Therefore, we support the specific reference to customers of natural gas as well as the references to price, quality, reliability, safety and security of natural gas.

We consider, for simplicity, the following drafting should be the preferred drafting of the objects clause:

*The objective of the gas access regime is to promote efficient investment in, and efficient operation and use of, natural gas pipeline services for the long-term interests of consumers of natural gas with respect to price, quality, reliability, safety and security of natural gas.*

This is our preferred option for two main reasons, being:

- It would provide a high level of consistency with the NEL and remove the need to subsequently amend the NEL. This level of consistency would be more in line with the MCE's objective of aligning the electricity and gas markets as much as possible. This seems highly desirable in the case of an object clause, as inconsistency at this level would seem to be damaging to consistency at other levels. In addition, amending the NEL to align with the national access regime may prove time consuming and costly. We note that the NEL has recently been through a consultation process (January 2005) and market participants and end users provided general support for the Single Market Objective<sup>1</sup>; and
- We consider that the wording suggested above naturally leads to the promotion of effective upstream and downstream competition due to the interrelationships between the objectives. Therefore, the addition of these terms adds additional complexity without a sufficient degree of benefit. However, should further clarification be required these can be considered in the review of general principles the SCO has proposed.

## **5.2 DELETION OF PREAMBLE**

The EUAA understands that the SCO concurs with the PC recommendation to remove the preamble from the Gas Code. However, we note that the PC also recommended the deletion of the guiding principles for regulators as the PC considered they created confusion and added to costs.

The EUAA considers that the PC's recommendation to delete all components of the preamble is shortsighted. We accept that some components of the proposed objects clause and the preamble overlap, however, this is not the case for all of the components of the preamble. In particular, the EUAA considers that the following objectives as contained in the preamble are vital for the effective operation of the Australian gas market and are not necessarily addressed by the proposed objects clause:

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<sup>1</sup> While the EUAA supported the Single Market Objective as contained in the NEL, we obtain legal advice and based on this advice recommended that the term 'consumer' should be replaced with the term 'end user' as this provided more certainty as a consumer of electricity may include market participants. For a more detailed explanation refer to EUAA's submission to the SCO on the Final Draft NEL, January 2005, [www.euaa.com.au](http://www.euaa.com.au)

- Prevents abuse of market power; and
- Provides for the resolution of disputes.

It appears that the PC has not considered each objective on an individual basis and instead has applied a broad brush approach to the preamble. Therefore, the EUAA concurs with the SCO view that a set of common provisions be developed for energy markets that underpins the proposed Gas objects clause and the NEL Single Market Objective.

The EUAA considers this process to be part of a much wider agenda and will discuss it further in section 5.5 below.

### **5.3 SCOPE OF COVERAGE AND THE FORM OF REGULATION**

The EUAA notes that the revision of the coverage test, as recommended by the PC, has been endorsed by the SCO. The SCO noted in making its endorsement that this change should ensure that only pipelines with substantial market power will meet the test for coverage, thus lessening the chances that a formal price control is imposed where it is not absolutely necessary.

The EUAA agrees that more efficient regulation of pipelines can potentially occur under an alternative approach; including a price monitoring approach. The EUAA agrees with the SCO view that neither full price regulation nor complete, immediate deregulation is an appropriate response to facilitating more competitive gas market structures. However, the EUAA has some serious reservations about how the new coverage tests would be applied in practice, especially considering the PC's recommendation on the form of regulation.

The EUAA concerns center around the following areas:

- Uncertainty and a lack of clarity in how coverage will be applied under both options;
- The impact that the present price monitoring option would have on prices; and
- The costs of arbitration

#### **5.3.1 Uncertainty in the definition of coverage**

The EUAA contends that insufficient detail has been provided regarding the operation of both models for access regulation by the PC and the SCO. It appears that the models have been developed without a sufficient understanding of how they may be applied in practice. This is especially the case in regards to the PC recommended option.

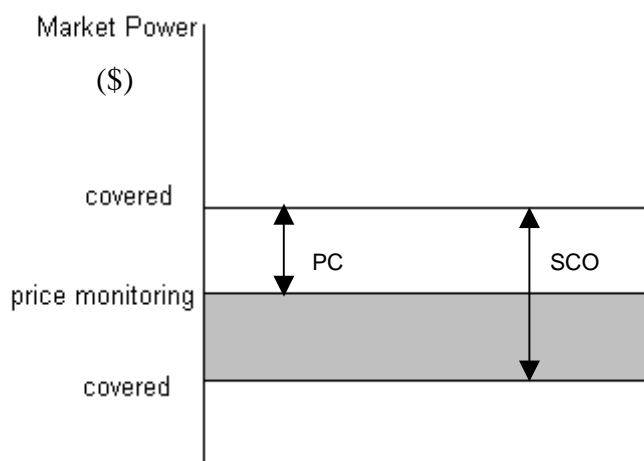
While the PC was proficient in providing their views of conceptual approaches to coverage, the empirical research and evidence to support their claims was ineffective. As a result, the PC recommendations should be considered with the appropriate degree of caution. As claimed by the SCO, the PC made a number of late changes in an attempt to produce a regime that could be considered as effective. The EUAA believes that this is not an appropriate manner in which to design an access regime. There is a risk of developing ‘policy on the run’ that has the potential to undo the benefits that have been accrued over the last five years of the current regime.

### **5.3.2 Application of the coverage test and prices**

Further evidence of a lack of robust analysis is evident in how the PC apply the light-handed model under their revised coverage test. The EUAA agrees with the SCO that it is inappropriate to apply a light-handed regime to a coverage model that only applies to pipelines that have substantial market power. Under the PC model, pipelines, which are deemed to have market power, but not substantial market power, would not be subject to any formal price control. The EUAA considers that this is not an appropriate outcome for users or for the efficient operation of the market. The remainder of this section will explain why this is the case.

It could reasonably be expected that the prices of a price monitored pipeline with market power would be higher than if it were covered, but lower than a completely uncovered pipeline. The PC recommendation states that reference tariffs will be applied only where the net benefits of its application are *markedly* greater than the net benefits of the price monitoring option. When applied, this recommendation would lower the likelihood of a pipeline being covered, even if it exhibits market power. This is because it is more difficult to achieve *markedly* greater net benefits when the test for coverage is compared to an inflated price under price monitoring.

The illustration below demonstrates how each of the proposals may apply in practice. As can be seen, the price monitoring price is closer to a covered pipeline price than the price of the uncovered pipeline. The PC test for coverage only considers the area between the price monitored price and the covered price, while the SCO model considers the area between the covered price and the uncovered price. Under the PC model many of the achievable net benefits of coverage cannot be observed when coverage is compared against the price monitoring price. The net benefits that cannot be seen under the PC approach would be equal to the shaded area under the price monitoring price. As a result, there will be pipelines that will be able to price above competitive levels for sustained periods because the net benefits of price regulation has become too large a hurdle to overcome.



The recent IPART draft determination for Country Energy Gas Networks highlighted the problems that may occur if pipelines with monopoly power are not subjected to formal price controls. IPART stated the following in the draft determination:

*‘The Tribunal notes there is debate about the cost effectiveness of regulating small gas networks such as Country Energy Gas under the National Gas Code. Indeed there has been a recent trend for small gas networks to apply to be uncovered and this being granted. The Tribunal also notes that the Gas Code requires the same level of regulatory review regardless of the size of the gas network. In its report the Productivity Commission recommended that small gas networks be uncovered but subject to price monitoring.*

*However, the Tribunal considers there has been some advantage from undertaking this review. The draft decision lists significant amendments to CEG’s proposed access arrangement that must be made in order for the access arrangement to satisfy the requirements of the Code. These amendments will result in an average real price reduction of approximately 5.5 per cent rather than CEG’s proposed 23 per cent real increase in the first year of the access arrangement, while preserving adequate incentives for future investment in the Wagga Wagga natural gas distribution network. The alternative of price monitoring may have resulted in substantial price increases for many customers of the network.<sup>2</sup>*

This situation in NSW highlights the problems that may arise should pipelines that exhibit various degrees of market power be uncovered under a new regime. Under a price monitoring approach it is conceivable that CEG would have prices that are 23 per cent higher than current price. However, IPART applied a reduction of 5.5 per cent to prices. A conservative assumption would be that prices would have risen by 30 per cent if the pipeline had no coverage or price monitoring applied to it. The difference in price

<sup>2</sup> IPART, *Revised Access Arrangement for Country Energy Gas Network, Draft Decision*, August 2005.

between the price monitored pipeline and the uncovered pipeline is only 7 per cent. However, the difference between the covered pipeline price and the uncovered pipeline price would have been over 35 per cent. In this example it is clear that the definition of the base for coverage can make a large difference to the outcomes achieved.

This example also demonstrates that pipelines with any degree of market power will be able to price above competitive levels under a price monitoring approach. Such higher prices will be inefficient and add unnecessary costs to users. In addition, the regulator, with less information, will find it increasingly difficult to determine how much excess profits the pipeline owners are recovering without a detailed assessment of costs.

On this basis, the EUAA supports the SCO model, which would consider coverage against no coverage to ensure that the potential to abuse monopoly power is minimised. Accepting the PC recommendation would only allow pipelines to take advantage of their market power to the detriment of users.

### **5.3.3 The costs of arbitration**

The EUAA agrees with the SCO assertion that it is difficult to claim that an access regime is truly light-handed when it allows the opportunity for arbitration on prices. Where the option exists for arbitration, in almost all cases, that option will be exercised.

The process of arbitration is a lengthy and costly process that can often end up more intrusive and expensive than determining a price control upfront.

The Victorian rail access regime provides a stark warning of the problems that can occur with an arbitration model. Since the initial reform of the Victorian rail infrastructure, the industry has been regulated via a 'negotiate arbitrate' model. In this model, like price monitoring, businesses are left to commercially negotiate the price and terms for access. When a dispute arises over access the issue is referred to the regulator to provide arbitration and a determination.

After several lengthy and expensive arbitration disputes the Victorian Government saw the need to reform the industry so that much of the prices and terms and conditions were determined on an *ex ante* approach with the involvement of the regulator. It is considered that such an approach will reduce the likelihood of expensive and intrusive arbitration procedures.

The Victorian rail example should prove to be a warning to policy makers that arbitration models often prove to be more costly and inefficient than determining prices up front.

The EUAA would like to stress that a model without the protection of arbitration would only be suitable when the test for coverage is sufficiently strong that pipelines with a degree of monopoly power are covered under the regime.

## **5.4 PROMOTING GREENFIELDS PROJECTS**

The EUAA supports the need to encourage new investment in gas pipelines and recognises that pipeline investors require a degree of certainty relating to the regulatory regime that will apply to their investment. In addition, we see that the promotion of greenfields pipelines is an effective way to provide competition to the market in order to encourage efficient outcomes for users. The promotion of new pipelines can lead to increased reliability, improved prices and more cost effective gas fired generation.

The EUAA considers that pipeline investment concerns are best addressed through greenfields options rather than removing coverage on existing pipelines with market power. Therefore, we support measures that will encourage increased competition in the market. However, we are cautious to ensure that the regulatory arrangements applying to greenfields investments are suitable and cannot be abused by existing pipelines.

The EUAA agrees that the public interest would not be served by failing to regulate greenfields pipelines that may find themselves in a position to exercise market power. However, we acknowledge that there is a trade off that exists in order to facilitate the development of competition in the market. As a result, the EUAA agree with the SCO that the uncertainty created by the PC model may lead to the potential delaying of investment thereby reducing the entry of competition into the market.

The EUAA considers that it is important that the SCO provide a clear definition of greenfields pipelines in order to further improve certainty. Without such clarity, the effectiveness of the regulatory certainty would be reduced.

A concern that the EUAA has is the length of the regulation ‘holiday’ that is granted to the pipeline. Should a greenfields pipeline exhibit some monopoly power (as is often the case), how long is a sufficient ‘holiday’ for it to recover a reasonable proportion of its investment? The EUAA considers that a 10-year period would be more appropriate as it would allow some certainty in terms of the returns that pipeline owners require but also protection to end users. Should a pipeline exhibit a degree of market power, it allows for the regulation of the asset before an extended period of higher than efficient prices. However, for those pipelines without market power, they would be able to continue uncovered after the 10 year period, and therefore, not be impacted by the shorter ‘holiday’ period.

The EUAA also supports the use of non-price obligations on greenfields transmission projects that qualify for a regulatory holiday. Non-price obligations may include, a transparent access arrangement policy and procedures for negotiating access, ring fencing requirements, requirements for negotiating access and service standards. Such an approach would provide a degree of protection for end-users while not creating any regulatory risk for the pipeline investors.

## **5.5 GUIDANCE, PRINCIPLES AND REGULATORY PROCESSES**

The PC in its review of the gas access regime deleted and added principles, guideline clauses and other rules that the industry should consider for various access issues. Areas for consideration include general regulatory guidance and discretion, pricing principles, appeals, information gathering, common legal provisions governing access to energy industries and common legal provisions on ancillary regulatory requirements.

The EUAA considers that the approach taken by the PC has lacked serious rigour in the analysis. The PC has added or deleted clauses without sufficient consideration of why they exist and how they relate to other parts of the Code or with the broader objectives of the access regime. Therefore, the EUAA is very supportive of moves by the SCO to develop a set of consistent principles with electricity.

The EUAA considers that a number of factors are important to ensure that the development of a common set of provisions is successful. Firstly, it is vital that the review is separate from this review of the gas access regime in order to ensure that the electricity industry is fully engaged. Secondly, the review would need to ensure that the provisions that are developed capture the overall objectives of the regime effectively. While this means enabling sufficient returns to infrastructure owners and the efficient operation of resources, it ultimately means delivering safe and reliable gas to end users at a competitive price. In addition, we consider it is vital that the guidelines and principles are clear, concise and remove doubt and regulatory risk.

The EUAA considers that the SCO should release a consultation paper as soon as possible outlining all the areas it considers would be captured within the scope of the review of common provisions. At this stage the current Consultation Paper is not sufficiently clear on the scope of provisions for it to be addressed. We also have some concerns regarding how this process will fit with other reforms that are currently occurring in the electricity industry. For instance, does the SCO intend to start afresh for electricity or simply align gas with electricity? We consider a prudent approach would be that the SCO (or the AEMC) is empowered to develop nationally consistent guidance, principles and regulatory processes once the Gas Access regime (and accompanying Gas Laws) is implemented to remove duplication and inconsistency between electricity and gas access regulation where applicable. Therefore, it is important that these issues are clarified further by the SCO.

## **6 CONCLUSION**

The EUAA is supportive of this process to improve the gas access regime in Australia. We consider that there are several improvements and efficiencies that can be extracted by improving the regime. However, the evidence to date shows that the gas access regime has been successful in delivering investment to the market and providing a degree of protection for customers. Therefore, we believe the SCO should show appropriate caution in making changes to a regime that has in many ways, been successful.

Of most concern to end users are the issues of the scope of coverage and the form of regulation and the development of common principles, rules and guidance.

It is vital that a gas access regime protects end users against the abuse of monopoly power. The PC recommended approach does not provide this protection and will result in higher costs for end users. Therefore, we support the alternative SCO model as we believe this model is better suited to providing the appropriate protection to customers while still delivering the benefits of a light handed regulatory regime where this is appropriate.

The development of common principles, rules and guidance will be an extremely important issue going forward. Such principles, rules and guidance provide the framework by which regulators base their decisions. If these are not appropriately developed, the resulting regulatory decisions will not provide efficient and effective outcomes for service providers and end users. The EUAA believes that the SCO should release a consultation paper on this issue as soon as possible to outline the scope of the work and the specifics of clauses to be captured. This consultation paper needs to actively engage energy users, the electricity industry and the gas industry.

Finally, the EUAA is supportive of moves to provide certainty to greenfields pipelines as this will remove regulatory risk and increase competition in the market. It is important that when developing rules relating to greenfields pipelines there are clear definitions upfront as to what a greenfields pipeline is, what non-price obligations they are required to adhere to and the length of the 'regulatory holiday'. In this way, pipeline investors are provided with increased certainty while end users are afforded the protections they require.