

29 February 2008

Mr John Savage
Project Manager
Bulletin Board Working Group
Gas Market Leaders Group



BY EMAIL: john.savage@vencorp.vic.gov.au

Dear John

**EXPOSURE DRAFT: NATIONAL GAS LAW AND NATIONAL GAS RULES
OPERATION OF A GAS MARKET BULLETIN BOARD**

Thank-you for providing the opportunity for the Energy Users Association of Australia (EUAA) to offer comments on the legislative provisions and regulations that are intended to give effect to the operation of a Gas Market Bulletin Board in the coming months. We believe that the gas market is not yet sufficiently transparent and therefore support measures, such as the Bulletin Board, which will help to increase its transparency. We also support most of the proposals in the Exposure Draft. Nevertheless, we have a number of concerns with the Rules and Law, and these are addressed below.

1. Access

As we indicated to you at the recent discussion forum, we consider that it is appropriate that the EUAA be given access to all areas of the Bulletin Board. We are a well-established professional advocacy organization, with some 100 members, including many major industrial users of gas. Our activities have a high degree of transparency and we have strong communication links with our members, who derive benefit from gaining access to the information we provide to them. We have maintained a strong and continual involvement in energy industry issues, and regularly contribute to energy industry consultative processes. We consider that having access to emergency response sections of the Bulletin Board is likely to assist us in performing an effective and efficient advocacy and member information function. Our members are particularly concerned to have good information about impending emergencies and we believe we can assist in ensuring this is the case by having access to the Bulletin Board.

We suggest that an additional clause be inserted within the definition of 'eligible bb participant' within the Bulletin Board Rules, allowing the Bulletin Board operator the discretion to authorize other parties as 'eligible bb participants'. We would then seek to be granted authorization under this provision. Alternatively, the wording of Rule 46 could be changed to allow the Bulletin Board operator to grant access to the emergency information page to parties that are not eligible bb participants.

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2. Obligation to Supply Information

We note that under section 186 of the proposed National Gas Law, a person must not provide information to the Bulletin Board operator that the person knows is false or misleading in a material particular. We consider that there are or may be significant benefits for our members in being able to place commercially significant reliance on information obtained from the Bulletin Board.

Accordingly, we consider that the knowledge standard for supplying information for the operation of the Bulletin Board should reflect this. We consider the section should be broadened to include a prohibition on providing information where the provider is reckless or indifferent to the accuracy of that information. Section 187(1) should also be amended to reflect this revised standard.

We also consider that the existence of section 187(4) of the proposed Law may not be in the interests of users and may weaken the incentives of all market participants to provide transparent information to the market. This provision may allow retailers or other market participants to limit their liability to less than prescribed maximum amounts specified in section 187(3). We consider that the removal of prescribed maximum amounts specified in section 187 may not be desirable.

3. Criteria for obligation to provide information to the Bulletin Board operator

The EUAA is concerned that not all pipelines that meet the threshold are required to participate in information exchange to facilitate the working of the Bulletin Board. Secondly, we are concerned that there are gas production facilities that are strategically important, but which are not covered by the obligation to provide information to the Bulletin Board operator.

Ideally, the operators of all pipelines (even small pipelines) should be required to provide relevant information to the Bulletin Board operator. Exclusions from this requirement could be assessed on an exception basis. This is a far better alternative to the model proposed in the Law and Rules whereby only some identified pipelines are required to report to the Bulletin Board operator. We understand that several large pipelines (especially in Queensland) are not listed as being required to comply with information provision requirements, even though they meet the 20 TJ / day threshold. Additionally, the 20 TJ / day threshold is not always an accurate indicator of a pipeline's strategic importance. Mandated reporting would obviate the need to enter into pipeline-by-pipeline analysis to determine if reporting requirements are appropriate. Finally, there are non-pipeline facilities that are of strategic importance in the market (eg processing facilities at Ballera) and these too should be required to provide information to the Bulletin Board operator.

4. Other matters

We are looking forward to using the information that will be generated through the Bulletin Board to better inform our members about the status of and developments in the national gas market. We would appreciate being kept up-to-date about Bulletin Board developments as they occur.

Our members have also expressed interest in being involved in the testing and development of the Bulletin Board prior to its release later in the year. We would be happy to assist in his regard.

If you have any further questions in relation to the enclosed proposal, please do not hesitate to contact me. We look forward to confirming the revised project with you.

Yours sincerely

A handwritten signature in black ink, appearing to read "Roman Domanski", with a stylized flourish at the end.

Roman Domanski
Executive Director