

28 November 2005

Manager, Energy Market Reform Team  
National Energy Market Branch  
Department of Industry, Tourism and Resources  
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Dear Sir/Madam

## **REVIEW OF THE NATIONAL GAS PIPELINES ACCESS REGIME**

Origin Energy (Origin) welcomes the opportunity to comment on the Ministerial Council on Energy's (MCE) proposed response to the Productivity Commission Review of the Gas Access Regime. Origin understands that the recommendations presented in this consultation have been prepared by the MCE officials and are not necessarily the final view of Ministers. In the main Origin supports the recommendations proposed by the MCE officials, many of which reflect or improve on the findings and recommendations suggested by the Productivity Commission in their report provided to the Federal Treasurer in June 2004. Following Ministerial endorsement Origin believes that these changes to the national gas pipelines access regime will maximise the potential for growth of the gas market and its ability to positively contribute to Australia's economy.

Specifically Origin supports the following recommendations:

- to introduce an objects clause that provides clarity to the overarching objectives of the Regime and that is identical to the objects clause contained in the National Electricity Law;
- to amend the criteria to test whether a pipeline should be regulated so that only those pipelines for which coverage would generate a material increase in competition in a related market could be covered. This will align the coverage test for gas pipelines with the test in Part 111A of the Trade Practices Act 1974;
- the coverage recommendation body will be the Australian Energy Market Commission (AEMC) taking over this role from the National Competition Council (NCC). However Origin would still prefer to see this role retained by the NCC, based on the premise that recommendations on whether coverage should be applied should ideally be independently made from decisions regarding the content of coverage rules. However, Origin accepts that the checks and balances inherent in the AEMC rule making process are probably sufficient for this not to be a critical issue;
- that a new-light handed price monitoring option be introduced for covered pipelines, with a decision on the form of regulation to be made by the AER; and

- the option for new greenfields pipeline proponents to seek a binding ruling on whether a pipeline does or does not meet the coverage criteria, and if successful, that the exemption from coverage will remain for 15 years regardless of whether market circumstances change. The additional option for an exemption from price regulation for greenfield pipelines will also be available should there be insufficient time to obtain a binding ruling. This option will provide a 15 year holiday for price regulation.

Origin looks forward to the Ministers' agreement to these recommendations and their impending introduction. Should you require further information please do not hesitate to contact Randall Brown on 03 9652 5880

Yours sincerely

Tony Wood  
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