

STRONGER REGULATION TO CUT GAS PRICES FOR PIPELINE USERS

REVIEW OF ECONOMIC REGULATION OF COVERED PIPELINES
FINAL REPORT 3 JULY 2018

Changing the way gas pipelines are regulated will make it cheaper and easier to move gas around the market. This helps keep gas and electricity prices for consumers as low as possible.

Our recommendations rebalance negotiating power between pipeline users and owners

BETTER PRICES



More information to assist users in negotiations and improved powers for regulators will result in lower prices

BETTER SERVICES



Bigger role for regulators to price more services so pipeline users are better protected

BETTER POLICING



Make arbitration a credible threat to prevent pipeline owners from charging monopoly prices

How gas pipelines are regulated

Gas pipelines in Australia are regulated under a negotiate-arbitrate framework. Pipeline owners and pipeline users negotiate the terms, conditions and prices for access to pipeline services. Negotiation is supported by information disclosure and regulatory decisions. Arbitration can be used if a deal cannot be agreed.

WORKING TO BRING GAS PRICES DOWN

These recommendations are focused on making it easier to negotiate gas transportation contracts

Gas markets are transforming. Largely isolated point-to-point pipelines have evolved into interconnected networks with two-way flows.

This review makes recommendations to help gas pipeline users negotiate lower prices and better deals under Parts 8-12 of the National Gas Rules

MAKING IT HAPPEN BY 2019: NEXT STEPS

Changes to National Gas Rules

COAG Energy Council or other stakeholders submit rule change requests to the AEMC to implement the Commission's recommendations

Changes to National Gas Law

COAG Energy Council recommends law changes to the South Australian parliament related to the dispute resolution process

Updates to guidelines, systems and procedures

Regulators and AEMO update guidelines, systems and procedures to reflect changes to gas rules and law

If rule change requests are submitted promptly, all changes could be made in 2019 - before the next round of decisions on most access arrangements.