

31 January 2019

John Mackay
Project Leader: Regulation of Covered Pipelines
Australian Energy Market Commission

Dear Mr Mackay

Draft National Gas Amendment (Regulation of covered pipelines) Rule 2019

Thank you for the opportunity to make a submission on the Draft Rule Determination for the regulation of covered pipelines. The Draft Rule Determination is an important additional step in improving the framework of regulation in the long term interests of consumers.

Australian Gas Infrastructure Group (AGIG) is one of Australia's largest utility businesses. Our assets are in all mainland states of Australia and the Northern Territory, and include gas distribution networks, gas transmission pipelines and storage facilities. We serve over 2 million customers, with 34,000km of distribution networks and over 3,500km of transmission pipelines.

We are supportive of the Draft Rule Determination which should improve market information availability, support effective negotiations and enhance the engagement of pipeline operators with their users. Our comments are therefore limited to a small number of drafting issues as outlined in Attachment A.

Once again, I thank you for the opportunity to provide a submission to the inquiry. Should you require any additional information please contact Drew Pearman, Manager Policy and Government Relations on 08 9223 4341 or email drew.pearman@agig.com.au.

Yours sincerely



Craig de Laine

General Manager People & Strategy

Attachment A – specific comments on the Draft Rule Determination

Rule	Draft Rule Determination Proposal	Comment
47A(2)	<p>A pipeline service is to be treated as distinct from another pipeline service having regard to the characteristics of different pipeline services, including:</p> <p>(a) the service type (for example, forward haul, backhaul, connection, park and loan);</p> <p>(b) the direction of the pipeline, as distinct from the service type;</p> <p>(c) the priority of the service relative to other pipeline services of the same type;</p> <p>(d) the direction of flow of natural gas through the pipeline; and</p> <p>(e) the receipt and delivery points.</p>	<p>We believe the characteristics outlined here require further clarification.</p> <p>More generally, it is not clear what is meant by characteristic (b) as distinct from characteristic (d) (and characteristic (a)).</p> <p>If (a) addresses the service type (forward haul, backhaul etc) and (d) assumedly addresses the direction of the <i>physical</i> flow of natural gas (eg, single or bi-directional), it is not clear what should be addressed by (b).</p> <p>We suggest characteristic (d) be clarified to specify the “physical flow of natural gas (for example forward or bi-directional)” and the intent of (b) be clarified or deleted.</p>
112(6)	<p>If the service provider needs to carry out further investigation to determine whether it can provide the requested pipeline service, it must carry out the investigation and then, within 25 business days of the access request date, inform the prospective user:</p> <p>(a) that it is able to provide the requested service; or</p> <p>(b) that it is unable to provide the requested service.</p>	<p>As noted in AGIG’s submissions to the AEMC’s review of covered pipelines in 2018, we remain concerned that the timeframes allowed for access requests are very short. While typical access requests can likely be accommodated within the timeframes provided, we believe more complex cases that require detailed analysis to ascertain if new assets are required will need more time than currently allowed.</p> <p>In particular, we believe the rules should enable a prospective user and pipeline operator to agree to timeframes outside those in the Draft Rule Determination. This is particularly important for investigations which can take significant time, and require agreement between the parties regarding the parameters and costs of the study.</p> <p>Investigations also often require external advice, with detailed pipeline modelling and FEED studies</p>

		<p>that cannot be undertaken in two weeks after notifying that an investigation is required, as the current drafting allows.</p> <p>We therefore suggest that:</p> <ul style="list-style-type: none"> - The timeframe allowed for an investigation be extended to 45 days after receipt of an access request; and - a provision be added to enable prospective users and operators to agree to timeframes outside those set out in the Rules.
<p>112D(5)(d)</p>	<p>(5) The service availability information for a large distribution pipeline for a month comprises:</p> <p>...</p> <p>(d) the following information for each entry and exit point on the large distribution pipeline:...</p>	<p>The references to "large distribution pipeline" in this subsection appear to be in error as the term is not defined within Division 2 of Part 11 Provision of Information by full regulation distribution pipelines (it is defined in Division 2 of Part 7, s35A but for light regulation pipelines).</p> <p>In this section we believe the reference should be "large full regulation distribution pipeline".</p>