

1<sup>st</sup> May 2018

Gas Market Reform Group  
c/o Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

By email: [enquiries@gmrg.coagenergycouncil.gov.au](mailto:enquiries@gmrg.coagenergycouncil.gov.au)

### **Submission on Capacity Trading Reform Package**

The Energy Users Association of Australia (EUAA) is very pleased to make this short submission to the Gas Market Reform Group (GMRG) regarding the Capacity Trading Reform Package (Reform Package). We are the peak body representing Australian energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries.

Our members are highly exposed to movements in both gas and electricity prices and have been under increasing stress due to escalating energy costs. These increased costs are either absorbed by the business, making it more difficult to maintain existing levels of employment or passed through to consumers in the form of increases in the prices paid for many everyday items.

The EUAA has been very supportive of the moves by the GMRG to reform the regulation of gas pipelines, and in particular the speed at which this reform is taking place which we hope will lead to consumers benefiting from improved market and commercial conditions in the near future.

Until the 2016 ACCC East Coast Gas Inquiry highlighted the monopoly behaviour of gas pipelines, the complaints of EUAA members about such behaviour had gone unheard. Now we see a comprehensive Energy Council led reform programme that goes a long way to ensuring that the National Gas Objective will be at the centre of market reform over the coming years

The EUAA recently participated in a forum convened by Energy Consumers Australia to share user and consumer perspectives and insights regarding the Reform Package. This forum resulted in strong and broad agreement on the benefits of the proposed reform package on the availability of contracted but unused transmission pipeline capacity.

The EUAA supports the submissions made by other participants in that forum – ECA, PIAC and MEU – in particular the suggestions made by all three submissions to ensure the package is effective and extend it beyond transmission pipelines including:

- The suggestion to re-consider the 10TJ/day lower limit on the application of these reforms
- The need to extend these reforms to distribution pipelines where our members are seeing direct evidence of monopoly behaviour by pipeline operators and parties that have purchased all available pipeline capacity
- Preventing parties from gaming the new regulations through the definition of zones
- Recognition that while increased transparency around information disclosure is very welcome, transparency is a necessary but not sufficient condition for there to be a levelling in the bargaining power between the owners of pipeline capacity and shippers/end users
- An AEMO communication plan on the benefits and opportunities for users and consumers,

- Importance of the AER having the appropriate resources to monitoring performance and exercising its compliance powers where appropriate, and
- Timely review of the impact and effectiveness of the reforms following implementation.

While the reform of the domestic gas market has some way to go until we would consider it to be delivering competitive outcomes for consumers we are encouraged by the pace and trajectory of the process to date.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Richards', written in a cursive style.

Andrew Richards

CEO