

6 May 2019

Australian Competition and Consumer Commission
By email adjudication@acc.gov.au

Dear Mr Janissen

**Peet Tonsley Apartments & Urban Renewal Authority Notifications
N10000475 & N10000477**

I am writing in response to the exclusive dealing notifications above. Specifically, this response will deal only with the proposal for exclusive dealing arrangements for gas.

As the licenced natural gas distributor in South Australia, Australian Gas Networks (AGN)¹, part of the Australian Gas Infrastructure Group (AGIG), welcomes the additional access to gas the network covered by the notifications (the 'proposed network') will provide to the community. As the South Australian gas network expands, we wish to ensure that the long-term interests of South Australian gas customers are protected and enhanced.

The ACCC in determining whether to authorise exclusive dealing is required to consider whether the restriction is likely to have the purpose, effect or likely effect of substantially lessening competition.

We note that customers in the AGN network, which surrounds the proposed network, benefit from retail competition and the customer protections provided by the *National Energy Retail Rules*. Customers are able to choose their gas retailer, and take advantage of discounts available, for example, by bundling electricity and gas services with the same retailer. These are benefits that flow to customers connected to the AGN network as a direct result of retail contestability.

Exclusive dealing will therefore see customers of the proposed network having no access to retail competition for gas unlike those of the surrounding network. The proposed arrangements are also arguably not consistent with the section 15 (the coverage test) of the *National Gas Law*, which specifically considers the ability of a pipeline (or network) to impact a market either upstream or downstream of the pipeline.

The regulatory treatment of embedded networks is also the subject of an ongoing review by the Australian Energy Markets Commission (AEMC). The AEMC's draft report, *Updating the regulatory frameworks for embedded networks*, proposes that gas networks be the subject of further consultations in 2019.

For your information, I have attached our most recent submission to that review. Specifically, our submission supported the principle in the AEMC's Draft Report that customers of embedded networks and on-selling retailers "be provided the same protections, access to retail market competition and regulatory oversight as standard supply customers". This is key to ensure that all gas customers are treated the same, particularly where there are no clear offsetting benefits from restricting access to competition.

¹ <https://www.escosa.sa.gov.au/ArticleDocuments/907/20161005-Gas-DistributionLicence-AustralianGasNetworks.pdf.aspx?Embed=Y>.

Should you have any queries about the information provided in this letter please contact, Drew Pearman, Manager Policy and Government Relations (0417 544 731, drew.pearman@agig.com.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Craig de Laine'.

Craig de Laine

General Manager People & Strategy

14 March 2019

Australian Energy Markets Commission (AEMC)
Via online submission

To whom it may concern

Draft Report – Updating the regulatory frameworks for embedded networks

Thank you for the opportunity to make a submission on the draft report into embedded networks. We thank the AEMC for the opportunity to comment.

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.

While gas networks have not been considered in detail in the draft report, we believe it is important to consider the regulatory treatment for embedded gas networks which are becoming more common. We support the intention to review and develop specific rules for embedded gas networks in 2019.

We agree with the principles outlined in the Draft Report for electricity networks. In particular, that embedded networks and on-selling retailers be registered so that customers "be provided the same protections, access to retail market competition and regulatory oversight as standard supply customers".

Nonetheless, differences between electricity and gas networks, particular the structure of National Gas Law and Rules, mean that the proposals for electricity may not be directly applicable. These differences will require analysis for gas networks and gas-specific proposals to amend Natural Gas Law and Rules, but with the same overarching objective that customers be provided the same protections.

We therefore support the recommendation that the AEMC consider the benefits "in developing a national framework for gas embedded networks, and what such a framework should cover" in 2019.

Once again, I thank you for the opportunity to provide a submission to the draft report and we look forward to participating in further work on gas embedded networks. 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