

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 as low as possible.

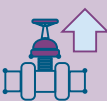
Our recommendations rebalance negotiating power between pipeline users and owners

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.

Our reforms are already delivering outcomes

If implemented in full our reforms have the potential to increase Australia's productivity through improved viability of gas-using industry and flow-on benefits of employment and tax revenues

Participants can more easily trade between locations increasing flexibility

The market is better able to adapt to changes in supply and international trade while still meeting consumer demand

Competition is improved through consistent pricing mechanisms that make it easier to source gas from anywhere in the market

New entrants have the same opportunities as incumbents to access markets and information

Buyers and sellers can better manage risk due to clearer, simpler information

Participants can more easily trade unused pipeline capacity which reduces scheduling risks and costs

This review is the next step in the AEMC's work program to redesign gas markets