

Multinet Gas Distribution Partnership
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Australian Energy Market Commission
PO Box A2449
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Electronic lodgement: www.aemc.gov.au

Consultation Paper – National Gas Amendments (reference service and rebateable service definitions) Rule 2011

Multinet appreciates the opportunity to respond to the AEMC on the Consultation Paper, National gas Amendment (reference service and rebateable service definitions) Rule 2011.

The Rule change request from the AER proposes to:

- amend the definition of a reference service in NGR 101 by:
 - removing the requirement that a full access arrangement must specify all reference services;
 - including the requirement that a full access arrangement must specify a reference service for at least one pipeline service; and
 - allowing the relevant regulator discretion in determining what other pipeline services that are likely to be sought by a significant part of the market should be included as a reference service.
- amend the definition of a rebateable service in rule 93(4) of the Rules by:
 - removing the requirement that the market for such a service be substantially different to the market for reference services; and
 - providing that a service that is not a reference service may be a rebateable service if either substantial uncertainty exists concerning the extent of demand for the service or the revenue to be generated or it is not commercially and technically reasonable to set a reference tariff for such a service.

The AER considers that the current reference service definition does not provide flexibility for the regulatory treatment of pipeline services (such as backhaul and interruptible services) as either reference or rebateable services or neither. The AER considers that the regulator should have the discretion to decide whether a pipeline service is a rebateable service negotiated with users, a reference service or neither.

The proposed new NGR 101 is:

101 A full access arrangement must specify a reference service for:

- (1) at least one pipeline service that is likely to be sought by a significant part of the market
- (2) each pipeline service that is likely to be sought by a significant part of the market and for which the Relevant Regulator considers should be included as a reference service

The proposed new NGR change broadly adopts the drafting of the old Gas Code, clause 3.3. Multinet recommend that if the AEMC proceeds with amending the NGR in this respect then the

drafting should at least align with the old Gas Code by inserting ‘; and’ between NGR 101 (1) and (2).

The original proposal noted concern that the service providers may propose pipeline services as non reference services if they consider that the service is unlikely to meet the test of ‘being sought by a significant part of the market’. The AER’s discretion to include these ‘other’ services as reference services could mean that the service providers proposed access arrangement does not contain the services the AER considers reasonable.

Whilst the drafting provides direction to the AER the rule changes arising from the proposal should be limited to discretion that relates to ‘other’ pipeline services to those put forward by the service provider under NGR 101.

Multinet recognise that the service provider, APA GasNet, are due to submit a revised access proposal by 31 March 2012. The AEMC is proposing to deal with this issue with a final rule determination by late March 2012. Multinet is in a similar position and would be concerned with any rule change in this area which impacted a revised access proposal which was due to be submitted to the AER in a matter of days.

Should you have any question relating to this response, please feel free to phone (03) 8846 9856.

Yours sincerely

Verity Watson
Manager Regulatory Strategy