

# SUBMISSION

## DRAFT RULE DETERMINATION

NGP – DEROGATION FROM PART 23 | 21 MARCH 2019



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21 March 2019

Project Reference: GRC0047

### **AEMC Draft Determination - Draft National Gas Amendment (Northern Gas Pipeline – Derogation from Part 23) Rule 2019**

The Energy Users Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and are desperate to see all parts of the energy supply chain making their contribution to the National Electricity and Gas Objectives.

Many of our members use gas as a major input to their operations and have suffered considerably in recent years from the disappearance of a competitive gas market. When members are able to source gas, the price has doubled or trebled from their previous contract. Many are unable to continue absorbing increased gas prices and therefore face an uncertain future.

EUAA believe that not only is more domestic gas required but more domestic gas suppliers with access to multiple, economically viable forms of transportation. We welcome moves to increase competition and encourage additional investment in all aspects of the domestic gas supply chain.

With this in mind, we welcomed the construction by Jemena of the Northern Gas Pipeline (NGP) as a means of providing an additional source of gas into the east coast market. We recognise the risks that Jemena took to build the NGP given the uncertainty on the availability of gas supply from the Northern Territory at the time.

We recognise that the NGP tariff structure was the outcome of a competitive tender process and that it is not unreasonable to assume that the access principles, including tariffs, are an accurate reflection of an efficient cost level.

We want to see the development of Northern Territory gas reserves and support the decision by the Northern Territory Government in April 2018 to implement all the recommendations of the Independent Scientific Inquiry into Hydraulic Fracturing. We see these developments as only furthering the national gas objective.

As a general principle we are not in favour of retrospective application of new rules to a newly committed project due to the potential of sovereign risk. While government intervention may be required in extreme circumstances, such as where consumers are manifestly disadvantaged, we do not have a sense that this is one of those circumstances.

Critically, we would be concerned if the retrospective application of Part 23 were to materially undermine the willingness of investors to underwrite new gas pipelines or resulted in less investment in upstream gas supply.

Therefore, we are supportive of the AEMC decision in the Draft Rule Determination of 21 February 2019, to not make a draft rule to remove the Northern Gas pipeline derogation under Part 23 of the National Gas Rules.

Regards

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

Andrew Richards  
Chief Executive Officer  
21 March 2019