

{Public Interest Advocacy Centre}

Mr Luke Berry
Policy Manager
National Competition Council
GPO Box 250B
MELBOURNE VIC 3001

February 2, 2000

Dear Mr Berry

The Public Interest Advocacy Centre (PIAC) wants to thank the National Competition Council for giving us the opportunity to comment on the application for coverage of the Eastern Gas Pipeline which has been made by AGL Energy Sales and Marketing Ltd. The NSW Government funds PIAC to develop policy and advocate in the interests of residential consumers in the gas, electricity and water industries.

PIAC wants to make a number of comments about the application by AGL and Duke Energy's application for an Access Undertaking under Part IIIA of the 1974 *Trade Practices Act*.

- the regulatory rules need to be the same for all participants in the gas industry. PIAC agrees with AGL Energy Sales and Marketing that "the rules intended to protect the interests of users of monopoly infrastructure are applied to all participants in the industry".
- Duke Energy should not be able to avoid the mechanisms for setting tariffs which are set out in National Third Party Access Code for Natural gas Pipeline ("the Code") or the Gas Pipelines Access Laws which have been adopted in most States and Territories. If a cost of service approach, as prescribed by "the Code", is avoided it is difficult for community/consumer organisations to ascertain the appropriateness of the tariffs. This is of extreme concern for organisations such as ours, as we envisage that residential consumers could benefit from the competition between pipelines but we have no way of determining whether Duke Energy will be charging monopoly rents.
- PIAC believes that it would be uneconomic for a company to build another pipeline to compete with the Eastern Gas Pipeline. As it is, the capacity of the EGP has not been contracted.

PIAC would like to stress that the regulatory rules for gas pipelines need to be the same for all participants in the NSW gas market to ensure that there is consistent pricing and regulatory certainty for all those participants, including residential consumers. This means that “the Code” needs to be applied to the EGP.

If you have any queries about the issues raised in this correspondence, please do not hesitate to contact me on (02) 9299-7833.

Yours sincerely
Public Interest Advocacy Centre

Trish Benson
Senior Policy Officer