

11 September 2014

Mr John Feil
Executive Director
National Competition Council
GPO Box 250
Melbourne VIC 3001

Email: gas@ncc.gov.au

Dear Mr Feil

RE: Application under the National Gas Law for light regulation of Envestra's Queensland Gas Distribution Network

Thank you for providing an opportunity to comment on Envestra Limited's Application for Light Regulation of its Queensland Gas Distribution Network.

In evaluating this application, we encourage the National Competition Commission (NCC) to consider the flow on effect on competition in the retail electricity market from a decision to deregulate the gas network.

Some customers are dual fuel customers and prefer to contract with only one retailer for both fuels. It is unlikely that smaller retailers such as Simply Energy will be able to negotiate deals with Envestra that match the first tiers, potentially restricting our ability to compete for dual fuel customers.

We also note Envestra's comments that the market is currently served by AGL and Origin Energy (page 4). With deregulation of the electricity retail market potentially occurring on 1 July 2015, second tier retailers such as Simply Energy are likely to become increasingly interested in expanding their presence in the Queensland market including expanding retailing activities to Queensland gas customers. While the dominance of AGL and Origin Energy may accurately characterise the current state of the retail gas market, it may not accurately characterise the future state of competition in the retail gas market once electricity retail prices are deregulated.

Simply Energy does not believe that it has any countervailing power against Envestra and cannot support Envestra's application for light regulation.

If you have any questions concerning this submission, please contact me on (03) 8807 1132.

Dianne Shields
Senior Regulatory Manager