

15 July 2013

Wagga Wagga Gas Distribution Network
National Competition Council
Level 21, 200 Queen Street
Melbourne VIC 3000

Submitted in hardcopy and by email: gas@ncc.gov.au

Dear Sir/Madam

RE: Draft Recommendation: Application under the National Gas Law for revocation of coverage of the Wagga Wagga Natural Gas Distribution System

Momentum Energy welcomes the opportunity to provide the following comments in relation to the National Competition Council's Draft Recommendation on Envestra Limited's Application under the National Gas Law for a revocation of coverage of the Wagga Wagga Gas Distribution Network.

Momentum is a second tier retailer with current retail gas licences in Victoria and South Australia, as well as current retail electricity licences in Victoria, New South Wales, South Australia, Queensland and the Australian Capital Territory. Momentum is fully owned by Hydro Tasmania, one of the largest clean energy producers in Australia. We do not currently retail gas in NSW but we hope to see market conditions and a regulatory environment conducive to market entry in the future.

Momentum supports the Council's proposed recommendation that coverage of the Wagga Wagga gas distribution network should not be revoked.

In the event that the Envestra's application was approved, Momentum would be unlikely to look to sell gas in the the Wagga Wagga Gas Distribution Network. We would not be confident of being in a position to negotiate network tariffs which would make the retailing of gas across the Wagga Wagga network area commercially viable. Given the existing barriers for small retailers entering the NSW gas market in relation to obtaining sufficient pipeline capacity,¹ Momentum remains concerned about its ability to transport gas from the Victorian hub to NSW. Because of this, Momentum considers that the lightening of regulation of the Wagga Wagga gas network would simply make retailing of gas in NSW less viable. Retailers today are at a considerable disadvantage when 'negotiating' any use of service agreements with any distribution business, on the basis that there is no impact on the distribution business's customer numbers if an agreement cannot be struck, while for the retailer this means that it cannot access the market. Momentum therefore acknowledges the legitimate concern expressed in first tier retailers' submissions on Envestra's application that revocation of coverage would lead to limited recourse to contest onerous terms and conditions. Second tier retailers would be even less likely to seek to operate in such a market.

¹ Wood, T. Carter, L., and Mullerworth, D., 2013, Getting gas right: Australia's energy challenge, Grattan Institute, p.21

Thank you for the opportunity to contribute to this important consultation. Should you or your staff wish to discuss this matter further please feel free to give me a call on (03) 8612-6471.

Yours sincerely



Alastair Phillips
General Manager Regulatory and Compliance