



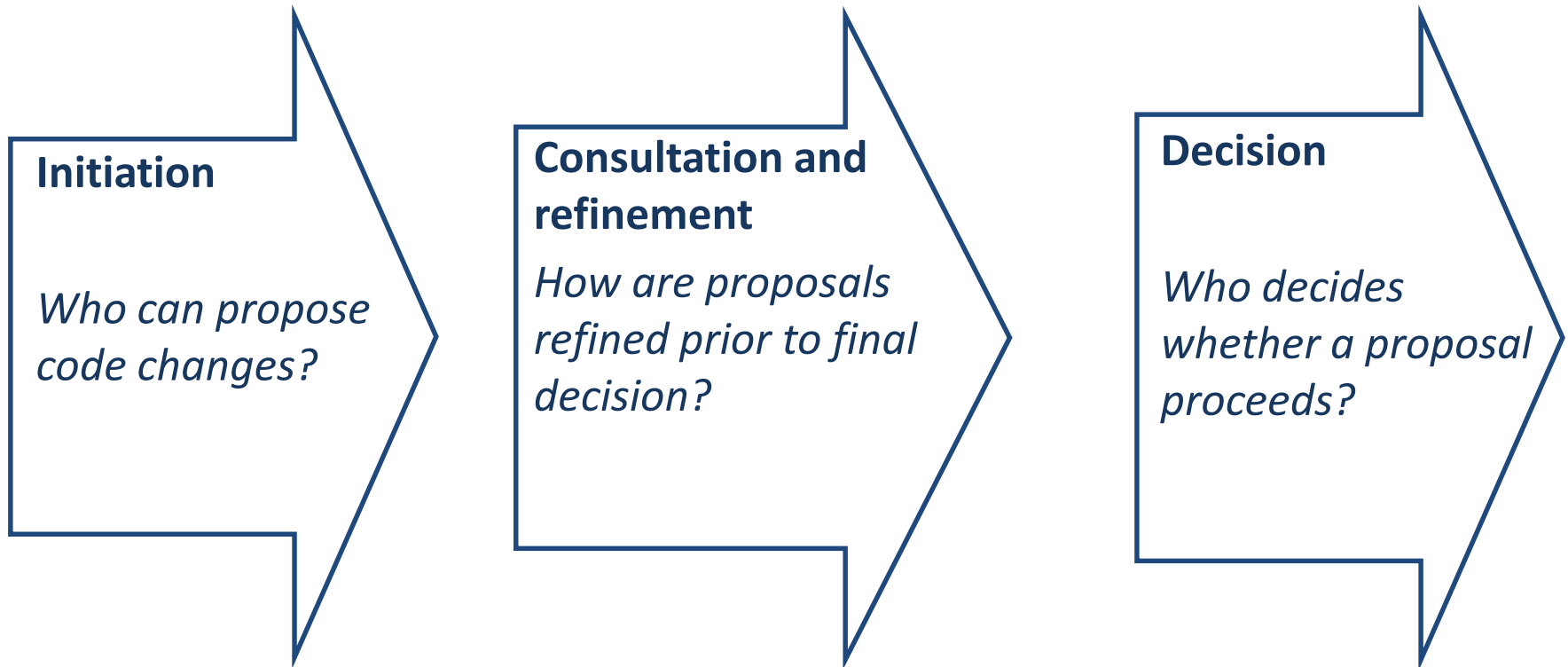
# Gas transmission access code – governance options



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- Recap on governance options set out in Concept's report
- Describe Concept's recommended approach and reasons
- Provide an overview on submitter feedback

# Three key elements to the code amendment process



Objective: To promote timely and efficient improvement of code

# Element one: initiation

## Question

How are potential code changes initiated?

## Current situation

MPOC

- Can be proposed by any party to the MPOC
- Must discuss with TSP first

VTC

- Can be proposed by any party to the VTC

## Objective

Ensure potentially worthwhile proposals get on the table

# Element one: initiation

## Options

1. Parties directly bound by code
2. GTAC signatories + gas users + market operators
3. Anyone (other than GIC)



Proposed

## Assessment

1. Likely exclude some parties with strong interest
2. Relatively balanced
3. Very wide - risk of frivolous/vexatious proposals

## Submissions

- Some support for recommended approach
- Some consider (2) unduly wide – suggest exclusion of smaller gas users - or that GIC or First Gas ‘filter’ proposals from these parties
- Query re treatment of prospective shippers
- Query inclusion of guiding principles
- Query re rights for GIC

# Element two: consultation and refinement

## Question

How are draft proposals refined prior to final decision?

## Current situation

### MPOC

- proposers submit fully formed change requests
- any modification to proposal requires restart of process

### VTC

- proposer initially submits high level summary
- proposals are developed and refined via process of stakeholder input

## Objectives

1. Ensure proposals that will be submitted to final decision are of high quality, and reflect input from stakeholders

# Element two: consultation and refinement

## Options

1. Fully formed proposals at outset
2. Proposals evolve in light of stakeholder input



Proposed

## Assessment

Prefer evolutionary approach:

- more robust final proposals
- improve stakeholder buy-in
- reduce scope for strategic behaviour by proposers

## Submissions

- General support
- Blackout period over Christmas/New Year holidays
- Include working group step
- Interface with Commerce Act

## Question

Who decides whether a change request will proceed?

## Current situation

### MPOC

- GIC makes final decision
- TSP must consent to change request (cannot be unreasonably withheld)

### VTC

- Final change request becomes binding unless:
  - 25% or more of shippers do not support the change
  - TSP does not give consent (consent cannot be unreasonably withheld)

## Objectives

1. Place authority with those who have the best information and incentives to make decisions in the wider interest
2. Ensure a predictable and consistent framework for decisions
3. Avoid undue costs



# Element three: decision

## Options

1. Vote-based approach
2. Independent decision maker

## Assessment

### Vote-based approach

Affected parties have direct knowledge and stake in outcomes

#### Challenges:

- Identification of affected parties (i.e. voters)
- Allocation of votes
- Voting threshold (e.g. 75%)

### Independent decision-maker

Requires independent party and criteria for decision-making

Reliant to some extent on information provision from others (managed by consultation process)

## Recommendation

- Independent decision maker
- GIC is the most suitable candidate
- Set explicit criteria to assess change requests - section 43ZN of Gas Act

## Submissions

- Some support independent decision maker approach
  - query whether GPS should be in assessment criteria
  - query whether guiding principles should be in GTAC
  - query GIC independence/administrative law issues – consider alternatives, e.g. retired Judge, Comcom or ACCC member
- Some prefer vote-based approach
  - query allocation of votes/threshold
- Nature of any appeal rights

## 1. Urgent code changes

- Allow urgent code changes that automatically lapse if not formalised
- Generally support subject to detail

## 2. Manifestly uncontroversial code changes

- Fast-track uncontroversial changes provided no objections lodged
- Generally support subject to detail

## 3. Administration of code changes by Gas Industry Co

- Generally support – though some suggest First Gas

## 4. Limited veto for TSP

- Recommend limited veto provided for TSP (like MPOC and VTC)
- Generally support subject to detail

- 1. Consider feedback in submissions**
- 2. Finalise advice to Gas Industry Co**