



Notice

4 January 2018

Economic Regulation Authority to administer new gas pipeline rules

A new regulatory framework became operational in Western Australia on 23 December 2017. This framework applies to gas pipelines (non-scheme pipelines) which were not previously subject to regulation by the Economic Regulation Authority (ERA). Part 23 of the National Gas Rules (NGR) now applies in Western Australia.

The ERA's role as the administrator includes enforcing and monitoring compliance with the non-scheme pipeline information disclosure and arbitration framework. The framework facilitates access to pipeline services on non-scheme pipelines on reasonable terms in order to reflect the outcomes of a workably competitive market.

The regulatory framework puts in place a new commercial arbitration mechanism, pricing principles and information disclosure requirements for previously unregulated pipelines. The framework provides a staged approach to assist shippers wanting to access pipeline services. The stages consist of information disclosure by non-scheme pipelines, access negotiations, and the arbitration of access disputes.

Under the National Gas Rules, a non-scheme pipeline owner/operator may apply to the ERA for an exemption from aspects of the Information Disclosure and Arbitration Framework where the pipeline satisfies the relevant exemption criteria. Affected service providers will need to assess their new regulatory obligations and if appropriate apply for an exemption.

The ERA will develop and publish a non-scheme pipeline arbitration guide and other prescribed publications related to the new framework. These will be made available on the ERA's [website](#) in due course.

Background

On 14 December 2016, the Council of Australian Governments' Energy Council agreed to the recommendations outlined in Dr Michael Vertigan's Examination of the current test for the regulation of gas pipelines. The Examination highlighted the unequal levels of bargaining power and access to information that shippers face when seeking access to pipeline services. The Examination recommended the establishment of a new commercial arbitration framework, pricing principles and information disclosure requirements, to apply to unregulated pipelines that provide access to third parties.

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