

15 April 2005

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National Energy Market Branch  
Department of Industry, Tourism and Resources  
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Dear Sir/Madam

**Draft Report: "Options for the Development of the Australian Wholesale Gas Market"**

APIA welcomes the opportunity to make this submission in response to the abovementioned Draft Report prepared by the Allen Consulting Group.

The gas pipeline industry has a strong view that regulatory change should only be considered if it demonstrably and unequivocally adds to industry efficiency and effectiveness. To date, there has been no clear demonstration that the changes suggested by the Draft Report would fundamentally enhance efficiency beyond what would be achieved by the ongoing maturing of the Australian wholesale gas market.

APIA very strongly supports the Draft Report's Option One (maintaining current market structure with ongoing industry-driven development) as its preferred option. This option has no implementation costs; it is practical and simple and does not add to regulatory uncertainty or complexity.

Option One supports additional pipeline infrastructure and greater connectivity between pipelines, which assists in developing efficient wholesale markets, as this infrastructure encourages increased numbers of producers and purchasers to trade.

APIA does not support any move to proscribe pipeliner involvement in bulletin boards, city gate pricing schemes or extensions of market carriage. Of course, all pipeliners are free to enter into such systems voluntarily.

APIA does not support any move to subject uncovered pipelines to Code obligations and has a strong view that the Code is concerned with third-party access. It is not a general instrument to impose regulation on pipelines.

We would welcome the opportunity to further discuss this response with the Energy Market Reform Team.

Yours sincerely

CHERYL CARTWRIGHT  
Chief Executive