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Efficient energy markets: The ACCC, competition and regulatory issues

This article is an edited version of a paper given to the Energy Users' Association of Australia by ACCC Chairman, Professor Allan Fels, AO.

After significant effort to create a national energy market, the initial enthusiasm appears to have faded and we are left facing a number of regulatory and policy challenges of a job half done.

Through its powers under the Trade Practices Act, the ACCC strives to enhance competition and encourage the development of fair and informed markets, but several issues remain in both the gas and the electricity markets.

Contents

Upstream reform and joint marketing of gas

For some time, it has been recognised generally in the gas industry that without greater competition between gas producers much of the potential gains from downstream gas reform may not be realised.

Gas exploration and development is often carried out under joint venture arrangements in which costs, risks and benefits are shared by a number of companies. Typically, joint venturers market their gas on common terms and conditions, including price. While joint marketing has its place, it can severely reduce the development of intra-basin competition where producers compete for customers based on price and product quality. Such exemptions have few benefits over the longer term, especially where the market is more mature and we are endeavouring to encourage and develop the industry further.

Much of the opportunity for market development will be lost if there are no initiatives to encourage greater exploration and gas processing competition. Reform initiatives in areas such as acreage management is essential in this regard.

Finally, access to pipelines can only deliver so many benefits to the reforms. If a national gas market is to evolve, upstream reform is essential.

Rates of return and incentives

The return on investment and the approach to new investment in the gas industry are often cited as examples of the failure of the regulatory framework.

In separate research, Mr Rod Sims, a director of Port Jackson Partners Ltd, and National Economic Research Associates (NERA) have both indicated that regulation is providing more than healthy returns compared with unregulated companies.

However, it is important to understand that the ACCC in its regulatory role does not directly control the actual returns that regulated businesses can earn. If a business is able to outperform its forecasts it can exceed the benchmark returns for the regulatory period.

Regulation of greenfields pipelines

Addressing greenfields risk in the gas sector is a major challenge facing the ACCC, and one to which we are giving careful consideration. The issues addressed in the recent access arrangement for the Central West greenfields pipeline is testimony to this.

The ACCC is currently preparing a guideline which will canvas regulatory options for greenfields pipelines. The guideline will provide potential investors with some certainty of the ACCC's approach in regulating greenfields pipelines, and so alleviate perceptions of regulatory risk.

The ACCC recently held round-table discussions with key industry participants to canvass their views on greenfields pipelines. Information and viewpoints gained from these discussions will assist the ACCC in drafting the guideline.

The national electricity market

There are major issues still to be addressed in the national electricity market (NEM) that have a significant influence on its structure, competitiveness and effectiveness. A thorough examination of the market therefore has the potential to give further impetus to reform.

The Council of Australian Governments started a number of initiatives this year to address energy and electricity issues. These include: a new Ministerial Council on Energy; a NEM Ministerial Policy Forum; and an independent review of energy market directions.

Demand-side issues

As well as the structure of generation portfolios, demand-side participation and full retail contestability are major issues to be addressed in the creation of a fully functioning market. Consumers will then have the best possible combination of price and service.

When fully developed, demand-side management will result in a choice of electricity plans, to some extent analogous to plans now available in the telephony market. For example, agreements between retailers and customers may result in reduced prices at certain times.

I realise that the step to full competition necessitates a commitment by Governments to appropriate market structures. This requires an understanding on the part of Governments that markets can, if competitive, deliver better outcomes for all consumers than would otherwise be the case.

The best way to protect customers in an electricity market is to give them a choice. Full retail contestability and demand-side management gives consumers choice and leverage in a market where such choice has never existed. For these reasons, demand-side issues deserve greater prominence and real attention by Governments.

Network pricing and efficient network use

Finding the optimal system for pricing access to the network has always been difficult. From its current assessment of the transmission network pricing code changes, the ACCC learnt that it was necessary to consider such changes in the context of future market developments.

At this stage, the context is that the pricing system for regulated transmission and distribution networks works independently of the prices generated in the deregulated wholesale and spot market for energy.

In electricity transmission, pricing signals can directly influence decisions on where new power plants and loads may be sited. Pricing signals also influence decisions on whether new investment in transmission can be justified when compared with measures to manage demand-side and supply-side alternatives, such as the construction of new generating capacity.

I recognise that there are views that networks should be considered as separate to competitive markets in generation and retail supply. Such a view would argue that pricing should reflect the desire to minimise price differences rather than objectives of economic efficiency. Of course, I would point out that the desire to minimise price differences is not necessarily incompatible with a market that works efficiently, provided it is handled transparently. For example, price uniformity could be supported through the payment of direct subsidies.

Improved market design

How do the use and pricing of other services fit with a market that has been designed to allow for the trading of energy?

Transmission networks need incentives to operate in a manner that takes account of the networks' influence on the energy market. Providing transmission networks with these incentives will help prevent price spikes and brownouts similar to those seen earlier this year. However, under the current regulatory stance, networks have capped revenue. To maximise profit, operators of networks rationally choose to minimise cost. To maximise profit the operators of transmission networks carry out network maintenance and other work when the cost of labour is cheaper — which may well be during peak demand times.

Sometimes the consequences of such rational behaviour is the restriction of transmission capacity and a reduction in supply — hence aberrant price behaviour in the spot market.

The ACCC has started to develop service standards that will link back into the revenue cap determined by them. However, in the longer term we seriously need to look at more market orientated pricing of network services if we are to achieve a sensible alignment of incentives between transmission networks and the competitive electricity market.

The operation of the spot market is also an issue to be considered. Often you will hear proposals for price caps on the spot market, controls on generator bidding or suggestions for fast tracking interconnection. While any or all of these may have their place, very few commentators have thought about how they fit with the current market design.

Indeed, if you restrict the manner in which generators offer the price and quantity of their supply then presumably you need other mechanisms to compensate generators, such as payments for making their generation capacity available. Consequently, these issues are often more complex than they appear at first glance.

Prudent interconnection

The NEM was partly designed to facilitate prudent interconnection through coordinated planning of network investment.

The mixture and balance of unregulated and regulated investment is still a matter for debate. However, any move away from the current code approach raises significant issues for investors in unregulated network investment. And it illustrates the necessity to consider NEM design issues in context of the market as a whole.

Despite the difficulties of last summer, large scale interconnectors

do not have to be built to remove all forms of inter-regional congestion. While there could be instances where sensible interconnection may be needed, it is not sensible to require customers to pay for network capacity they neither benefit from nor need.

Interconnection is, however, only one of a series of policy, regulatory and market based options. All need to be considered as linked components that cannot be separated without diminishing the efficiency of the national electricity market and our ability to generate least-cost electricity.

Governance of the national electricity market

The governance arrangements of the NEM have presented challenges for those involved in the administration of market arrangements.

The approach taken to changing the NEC has attracted criticism from several parties, including Governments.

While the ACCC has firm and considered views about the future direction of the market, and about current and emerging issues, it does not have regulatory powers in respect of the electricity market. Nor does anyone else.

It is not surprising that the process whereby the code is changed has not delivered a suitable solution, or even indicated a direction for the integration of network services with energy markets.

However, the costs of not doing so are considerable. Indeed, the current decentralised approach to decision-making guarantees a Balkanised approach to market development — one that promotes differences rather than commonality. And one that imposes costs instead of benefits.

While the ACCC and the National Electricity Code Administrator (NECA) have agreed to work more closely together, the fundamental issue of market arrangements needs to be addressed by Governments.

The role of Governments

Since the start of the NEM many questions have been asked about the role of Governments in the policy development and decision-making processes. As I see it, Governments have two interests in the NEM.

The first is that they have an interest in the assets that they own as government business enterprises. The second is that they have interests in providing constituents with a secure and reliable electricity supply at reasonable prices.

These interests sometimes collide, and this conflict has been the origin of many questions about governance.

In dealing with immediate problems, Governments are likely to make decisions to protect their constituents from negative short-term impacts but which compromise the ability of the market to deliver long-term benefits. Problems in the market — the lack of a comfortable margin between supply and demand in some regions — are manifestly the result, not of deficiencies in the market rules, but of impediments to interconnection and lack of demand-side response. Knee-jerk responses by Governments to price variability are likely to inhibit the development of long-term solutions.

Secondly, it is hard to be confident that policy makers will make decisions in the overall interests of the market, of competition, and thus of end-users, when they continue to have vested interests in the market as owners of generation and retail businesses. Consequently, I believe State and Territory jurisdictions should set the overall objectives of the NEM, but then leave the market development role to an arms-length process of regulation and market operation. I do not believe it appropriate, for example, for ministers to involve themselves in day-to-day operational issues.

The nation's future energy market: a first-best approach

We now need to develop clear, future directions by adopting a first-best approach to develop an integrated energy market.

Investment is vital to the development of an interconnected market and systems security in both gas and electricity.

In electricity the most urgent need is to develop greater demand-side responsiveness. That is, extreme inelasticity of demand simultaneously makes wholesale prices particularly volatile and enables generators to wield strong market power, especially during times of tight supply and demand.

To make investment decisions in an integrated consistent manner, the second market completion imperative is to get price signals to drive decisions about network augmentation, generation and load location, as well as interconnection. How should that integration be provided? By price signals, not by central planning.

Such developments can be seen as threatening. Turning energy security and reliability as well as pricing over to the market is perceived by some policy makers as a loss of control, which would still be accompanied by a responsibility for fixing things when they go catastrophically wrong. Yet, a greater concern arises because of what has been created now — an electricity market that is only half done.

What is needed therefore is a comprehensive plan for how to get a fully developed, smoothly working market.

Governments will ultimately need to commit themselves to that objective, but they can only be expected to do so once they are convinced it really is achievable — once they are happy with the plan. The plan therefore needs a lot more work.

National developments

Telecommunications

Formation of a 'convergence' section

In recognition of the convergence in communications services and the challenges facing regulators in addressing the substitutability of platforms to deliver services, the ACCC has established a 'convergence' section within the Telecommunications branch.

Access amendments

The ACCC also notes the passing of recent amendments to the *Trade Practices Act 1974* in the Federal Parliament that are designed to improve the speed and certainty of telecommunications arbitrations.

The amendments are designed to further encourage commercial negotiations in the resolution of access disputes between telecommunications providers, and to speed up the arbitration process should commercial negotiations fail.

Regulation review

The Productivity Commission (PC) released the draft report of its review of the telecommunications-specific competition provisions at the end of March 2001. Under its terms of reference the PC is to report on the operation of the provisions and whether repeal or amendment is required.

The ACCC made several submissions to the review, available from the PC's website at <http://www.pc.gov.au/inquiry/telecommunications/subs/sublist.html>.

The PC handed its final report to the Minister in September 2001. It is scheduled to be tabled in Federal Parliament upon resumption of sittings, expected in February 2002.

Regulatory principles for public information disclosure

The ACCC will shortly release a discussion paper regarding regulatory principles for public information disclosure. This complements prior work in the release of the Telecommunications Industry Regulatory Accounting Framework in May 2001 to introduce a vertical and horizontal accounting separation model that requires revenue and cost information for wholesale and retail services to be reported to the ACCC at six-monthly intervals. Telecommunication carriers were informed of their requirement to report under the framework.

ADSL roll-out

Under Part XIB of the Trade Practices Act the ACCC may issue a competition notice where it has reason to believe that a carrier or carriage service provider has engaged or is engaging in anti-competitive conduct.

In September 2001 the ACCC issued a competition notice to Telstra in relation to its ADSL services. The notice outlined two kinds of anti-competitive conduct, one relating to price and other to architecture. The notice was to come into force on 30 November 2001. However in the 12 weeks after the notice was issued (and before it came into effect), Telstra made a series of changes to its ADSL products.

While the ACCC acknowledges that some of these changes are significant, it is not satisfied that these steps were sufficient to revoke the notice.

In relation to pricing, it is the ACCC's view that further time is required for commercial negotiations. In relation to architecture, Telstra proposed changes that will necessarily take some time to implement. The ACCC therefore considers it appropriate to extend the date that the notice comes into force, giving Telstra until March to bring about the further promised changes to the ADSL service.

The ACCC is hopeful that the outcome of the issue of the notice will be an increase in the number of providers offering services to residential and small business end-users and that such competition will result in a wider variety of services being offered at more competitive prices.

In addition to the competition notice, the ACCC also collects detailed information from carriers regarding the take-up of broadband services generally.

Telecommunications access disputes (arbitrations)

At the end of November 2001 the ACCC had three current arbitrations. Interim determinations have been made for these arbitrations. One arbitration concerns public switched telecommunications network (PSTN) and the rate of payment for call termination and two concern analogue subscription broadcasting.

At the end of November 2001 a total of 43 arbitrations had been finalised (28 in 2001), 8 by ACCC determinations, 3 by ACCC termination, and 32 were settled by the parties (i.e. withdrawn). In many of those disputes settled by the parties, the ACCC had either released pricing principles or undertaken other substantial work that assisted the parties in reaching their agreements.

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Electricity

On 14 November 2001 the ACCC authorised Tasmania's proposed vesting contracts and derogations subject to conditions.

The decision to authorise the Tasmanian arrangements sets the stage for Tasmania to join the NEM. This means that via Basslink, the proposed undersea electrical cable connecting Victoria and Tasmania, the Tasmanian market is able to become part of the national market that trades electricity in New South Wales, Victoria, South Australia, Queensland and the ACT, subject to these jurisdictions' approval.

A significant issue for the ACCC was whether the market structure proposed by the Tasmanian Government would encourage competition in Tasmania. The ACCC was particularly concerned that the market share currently held by Hydro Tasmania and the incumbent retailer, Aurora Energy, would make it very difficult for new entrants to compete in Tasmania.

Another crucial issue was the operation of the Basslink interconnector. Market participants were concerned that Hydro Tasmania's commercial involvement that effectively underwrites Basslink, could influence whether the link would be used to facilitate or frustrate potential competition in the Tasmanian market.

The Tasmanian Government has undertaken to implement a range of policies to address these competition concerns. These policies include imposing restrictions on Hydro Tasmania to limit its influence on Basslink bidding, and an agreement to implement a framework to sell the revenue from the southward flows across Basslink (which can act as a financial hedging product) to facilitate competition in Tasmania.

The ACCC stated in the determination that despite these undertakings, the market structure in Tasmania was likely to have the biggest impact on the likelihood of new entrants entering the market. However, the market structure and the mechanisms developed to improve the prospects of a competitive market in Tasmania are ultimately matters for the Tasmanian Government to address.

The ACCC remains concerned that significant anticompetitive issues may arise in Tasmania as a result of the proposed market structure. However, the Tasmanian Government is able and committed to implement enhancements to the framework and address any future issues.

In its determination, the ACCC requested amendments to the Tasmanian Government's vesting contract — a contract that sets the price for supply between the incumbent retailer (Aurora Energy) and generator (Hydro Tasmania) to help manage the transition to a deregulated market. It also requested changes to Tasmania's proposed derogations, or transitional rules, to be included in the National Electricity Code (NEC).

Queensland transmission network revenue cap 2002–2006/07

As part of its responsibilities under the NEC, the ACCC has conducted an inquiry into the appropriate revenue cap for the Queensland electricity transmission network, operated by Powerlink, for a five and a half-year period commencing 1 January 2002. Powerlink operates over 10 300 circuit kilometres of transmission lines and 80 substations throughout Queensland. The decision details the maximum allowable revenue that the owners of those assets can earn from the use of the non-contestable elements of Powerlink transmission assets.

In its decision, the ACCC determined a revenue cap for Powerlink incorporating an annual adjustment based on the eight-weighted capital city CPI using a smoothing factor of -6.57 per cent. The revenue cap will increase from $318.50 million in 2001–02 to $483.15 million in 2006–07.

In setting Powerlink's revenue requirement, the ACCC assessed Powerlink's capacity to achieve realistic efficiency gains in its proposed operating and maintenance expenditure (opex) with regard to future demand and service quality. The ACCC granted Powerlink a figure of $71.43 million of opex for the period 2001–02 increasing to $93.54 million in 2006–07.

The ACCC was also required to assess Powerlink's proposed capital expenditure (capex) with regard to future demand and service quality as well as the efficiency of past capital expenditure (reverse capex). The ACCC has included a total capex roll-in for the period 1 July 2001 to 30 June 2007 of $1040.50 million. In making its decision, the ACCC noted that Powerlink is required to apply the regulatory test to justify the inclusion of the projects in its capex program.

The ACCC's decision draws on Powerlink's application, consultancy reports on the asset base, capital and operating expenditure and service standards, submissions from interested parties, the draft decision, submission received in response to the draft and other information presented to the ACCC during the course of its deliberations.

Guidelines for the negotiation of discounts on transmission charges

In September the ACCC released its determination regarding the NEC changes to network pricing and market network service providers. That determination includes provisions for network users to negotiate discounts on their transmission use of system charges, and sets out the circumstances under which such discounts can be recovered from other network users.

Specifically, the determination states that transmission network service providers may recover discounts of the transmission use of system general charges and common service charges where the discounts meet the guidelines to be promulgated by the ACCC.

On 10 October the ACCC released its Draft Guidelines for the Negotiation of Discounts on Transmission Charges and sought submissions from interested parties. The ACCC received several submissions and is currently reviewing them. It is planned that the finalised guidelines will be released by early 2002.

The ACCC's network pricing determination also contained transitional arrangements requiring that any discounts negotiated before the release of the guidelines should be submitted to the ACCC for approval. In assessing these applications the ACCC intends to maintain as much consistency with the draft guidelines as possible.

Gas

Over the last quarter the ACCC has continued to work on a number of gas access arrangements proposed under the National Third Party Access Code for Natural Gas Pipeline Systems. Highlights include the release of the final decision's for the Moomba to Adelaide pipeline system, the Wallumbilla to Brisbane pipeline system and the Ballera to Mount Isa pipeline system access arrangements, and the completion of the final approval for the Wallumbilla to Gladstone via Rockhampton pipeline.

The ACCC has also been working on several other gas-related projects, including the post-tax revenue model, the greenfields round-table and the Loddon Murray gas tender approval request.

Access arrangements

Moomba to Adelaide pipeline system

On 12 September 2001 the ACCC made its final decision on Epic Energy's

proposed access arrangement for the Moomba to Adelaide pipeline system.

While the ACCC's final decision provides for a reduction in tariffs in the order of 10 per cent, the revenue stream that the ACCC has established would provide a post-tax return on equity to Epic of 12.6 per cent.

However, Epic could achieve a return on equity in excess of 12.6 per cent through lower than forecast operations and maintenance expenditure and the sale of non-reference services. This return is consistent with previous decisions made by the ACCC, and is a reasonable return when compared to other return benchmarks.

Under the gas code, existing haulage agreements and revenues are preserved as the pipeline is fully contracted. The existing gas haulage contracts expire in 2006 at which time the terms of the access arrangement will form an important input to the negotiation of new gas haulage contracts.

Epic was originally required to submit a revised access arrangement that incorporates the amendments outlined in the final decision by 30 November 2001, however an extension was granted until 23 January 2002.

Wallumbilla to Gladstone via Rockhampton pipeline

Duke Energy International submitted its proposed access arrangement to the ACCC on 17 August 2000, and the ACCC issued its draft decision on 12 April 2001. The final decision document was released on 1 August 2001 and Duke Energy International submitted its revised access arrangement on 7 September 2001.

The revised access arrangement submitted by Duke did not incorporate all the amendments outlined in the final decision. The ACCC was therefore required by the gas code to draft and approve its own access arrangement. The ACCC did this in its final approval decision which was released on 1 November 2001.

Duke has since lodged an appeal with the Australian Competition Tribunal to overturn the ACCC's decision to include in the access arrangement a list of specific major events that trigger a review of the terms and conditions.

Ballera to Mount Isa pipeline

On 16 January 2002 the ACCC made its final decision on the Carpentaria Gas Pipeline Joint Venture's (CGPJV) access arrangement for the Ballera to Mt Isa pipeline system.

Derogations introduced by the Queensland Government removed the obligation of the pipeline operators and APT to submit reference tariffs to the ACCC for approval. In reaching its final decisions, the ACCC was therefore unable to assess the price of transportation services and the review date, but was able to assess the other elements of the proposed access arrangement.

On 16 January 2002 the ACCC made its final decision on Australian Pipeline Trust's (APT) access arrangement for the Wallumbilla to Brisbane pipeline system. CGPJV and APT must submit revised access arrangements complying with the ACCC's final decisions by 28 February 2002.

Riverlands and Mildura pipelines

On 30 May 2001 Envestra lodged applications for coverage revocation with the National Competition Council (NCC) for these pipelines. The NCC released final recommendations that coverage be revoked on 23 August, and the relevant Ministers accepted the recommendations and revoked coverage in September 2001.

2002 Review of the Victorian transmission access arrangements

The ACCC continues to prepare for the upcoming review of the GasNet and VENCorp Victorian access arrangements. Over the last few months internal discussions have continued on many issues including the tariff structure, the application of the post-tax approach and incentive mechanisms.

The ACCC has met with GasNet on a number of occasions to discuss issues relating to the review and has also met with VENCorp. Both GasNet and VENCorp are required to submit revised access arrangements to the ACCC by the end of March 2002.

Other regulatory issues

Post-tax revenue model

On 25 October 2001 the ACCC launched its post-tax revenue model (PTRM). The PTRM consists of an Excel model and a handbook to guide the user. The model demonstrates the post-tax revenue methodology used by the ACCC when determining revenue requirements as part of its regulatory decisions.

While the model intentionally abstracts from the complexity of actual business operations, it contains sufficient detail to give service providers and other interested parties a clear understanding of the ACCC's approach. The default assumptions in the PTRM are for a gas transmission business, however most of the concepts apply across a range of utility industries and the model can easily be modified as required.

The ACCC is aware that the details of its revenue determination process are not always easily discernible from the descriptions provided in decision documents. This has hindered parties attempting to fully understand or to replicate these determinations. The release of the model should enhance the transparency of regulation and signals the ACCC's ongoing commitment to an open regulatory process. The PTRM is available on the ACCC's website under gas/broader regulatory issues.

Greenfields round-table

On 5 November 2001 the ACCC hosted a round-table discussing issues relating to greenfields pipeline investments. Greenfields pipelines face greater risk than more established pipelines due to factors such as uncertainty about future demand or the lack of foundation contracts. The round-table involved a number of key industry participants who commented on various issues such as the specific risks facing greenfields investments, advantages/disadvantages of different regulatory options and the determination of reference tariffs.

The ACCC will use the discussions at the round-table to assist in developing a draft greenfields guideline. The guideline will assist pipeliners by providing a roadmap of the options available under the current regulatory regimes.

It is not the ACCC's intention to address the broader policy issues surrounding new pipeline investment or possible changes to the regulatory regime in this guideline. The ACCC seeks only to provide clarification and certainty regarding regulation of new gas transmission projects under the gas code and Part IIIA of the Trade Practices Act as they currently stand.

Loddon Murray gas tender

On 30 August 2001 the Loddon Murray Gas Supply Group submitted a proposal to conduct a tender for the construction of a new gas pipeline system to the Loddon Murray area in north-west Victoria. It includes a new transmission and distribution system that would at least serve Swan Hill and Kerang.

Under section 3.21 of the gas code any person wishing to conduct a tender for an unbuilt pipeline can apply to the relevant regulator to approve the use of a tender process to determine reference tariffs and other specified items to be included in an access arrangement.

The ACCC is the relevant regulator for transmission pipelines while State bodies regulate distribution. In this case the relevant State body is the Essential Services Commission (ESC).

The tender approval request (TAR) outlines the Loddon Murray Gas Supply Group's intention to conduct a tender for the supply of gas to the Loddon Murray area and sets out certain information such as rules and procedures for conducting the tender and the selection criteria to be used.

The tender is to be a single process comprising both transmission and distribution functions. As a result both the ACCC and the ESC had to assess and approve the TAR. The successful tender would provide the lowest combined distribution and transmission tariffs but not necessarily the lowest distribution or transmission tariffs when considered separately.

The ACCC released an Issues Paper in September and together with the ESC placed an advertisement in *The Australian* requesting submissions from interested parties. No submissions were received.

On 1 November the ACCC approved the request to conduct a competitive tender and was satisfied that the process by which the Loddon Murray Gas Supply Group proposed to conduct the tender was in accordance with the code.

Once the tender process is complete and a successful tender has been selected, the Loddon Murray Gas Supply Group can apply to the ACCC and the ESC for final approval.

Once the regulators issue a decision to grant the request for final approval the pipeline becomes a covered pipeline under the code. Coverage provides a high degree of certainty for both users and suppliers and means that the tariffs obtained through the competitive tender process remain in force for the period specified in the TAR. The winning tenderer would then be obliged to submit separate access arrangements under the code to the ACCC for the transmission pipeline and to the ESC for the distribution networks.

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Transport and Prices Oversight

Rail

Draft decision on ARTC's access undertaking

The ACCC has issued its first regulatory decision relating to the rail industry. The draft decision relates to an access undertaking submitted by the Australian Rail Track Corporation (ARTC) under Part IIIA of the Trade Practices Act. The undertaking covers terms and conditions of access to rail tracks owned or leased by ARTC.

The decision is in response to an approach by the Commonwealth owned ARTC which sought ACCC endorsement of a public commitment that clarifies the terms and conditions on which prospective train operators can use its track. In its application to the ACCC, ARTC pledged a public commitment on the quality of rail lines in Australia. It also aimed to give train operators greater certainty with regard to cost and quality of service.

The ACCC found that the undertaking largely satisfied the requirements of the assessment criteria. The ACCC's draft decision was to accept the undertaking subject to ARTC addressing concerns raised by the ACCC about negotiation provisions, dispute resolution and service levels.

The ACCC concluded that once these concerns were dealt with by ARTC, the undertaking will provide a useful framework for negotiating access by providing certainty to prospective access seekers with enforceable rights in its dealings with the ARTC.

The ACCC's decision is a step towards an increased and more efficient use of the nation's rail resources, which is good news for businesses moving passengers and freight across borders and also for the environment. It reinforces ARTC's role as a one-stop shop for train operators who operate interstate train services. The undertaking should encourage use of Australia's interstate rail network.

ARTC's undertaking is the first one covering tracks on the existing interstate network to be reviewed by the ACCC. While the undertaking covers only a part of the network, it paves the way for possible moves by other jurisdictions to seek determinations from the ACCC in respect of tracks in their sections of the interstate network.

The ACCC has asked ARTC to clarify certain provisions, to better define certain terms and conditions and to make changes to the dispute resolution process proposed in the undertaking.

Once these concerns have been addressed the undertaking should set a framework for better rail transport outcomes for all Australians.

The ACCC invited submissions on the draft decision and expects to issue its final decision in March 2002. Copies of the draft decision on the ARTC undertaking will be available from the ACCC website.

Airports

Release of Sydney airport regulatory report

The third annual *ACCC Regulatory Report for Sydney Airport*, covering the 2000–01 financial year, showed an improvement in quality of service over the past three years. This confirms the favourable impact of substantial new investment programs undertaken by Sydney airport in the lead-up to the Olympic Games.

The quality of service results were measured by passenger surveys which examined airport facilities and services, including check-in waiting time, space in the gate lounge, cleanliness of the washrooms and baggage collection wait time. Passengers are benefiting from the additional infrastructure at Sydney airport. There's more seating at gate lounges, more aerobridges and more check-in desks.

The report, issued at the Airports and Aviation Outlook 2001 conference in Sydney, also presented results on prices monitoring and accounts reporting. The prices monitoring section of the report showed an increase in Sydney airport's revenue from ancillary activities, such as car parking, in line with costs.

Overall, the airport increased its earnings for the year to June 2001 to $131 million before interest and tax, from $120 million in the previous year. The year to June 2001 included higher landing charges for one month. On an after-tax basis, earnings decreased from $42 million to $22 million due to higher borrowing costs and income tax.

The report is available on the ACCC website.

ACCC draft decision on domestic terminal access at Melbourne airport

Virgin Blue requested the ACCC to determine that the new domestic express terminal at Melbourne airport be covered by the access regime. Virgin Blue is already using the terminal but has not reached a long-term agreement on terms of access.

In a draft decision issued on 19 October 2001 the ACCC noted that access regulation will give businesses wanting to compete in related markets the right to negotiate the use of the facility on reasonable terms. The regime also gives a right to arbitration by the ACCC if the parties cannot agree terms of access.

However, the terminal is already covered by price controls under the Prices Surveillance Act. In August 2000 the ACCC approved a price of $1.65 per arriving and departing passenger for use of the new terminal. This followed careful analysis of costs and passenger projections. All interested parties, including Virgin Blue, had input into the decision.

The ACCC believes it is not desirable in the present circumstances to regulate access to domestic terminals at Melbourne airport. In forming this view it took account of the possible effect of an access determination on investment in facilities for new entrants.

This draft decision is based on the specific facts surrounding Virgin Blue's application. Any future request for access regulation of airport terminals will be considered on its merits.

This draft decision is a step in an ongoing consultation process.

Post

Australia Post requests a price rise for Ad Post services.

In November 2001 Australia Post lodged a draft notification with the ACCC proposing changes to the pricing of its Ad Post service in accordance with the *Prices Surveillance Act 1983* and after procedural advice from the ACCC.

This is a revised form of an earlier draft notification lodged with the ACCC in June 2001. The proposed changes would phase out the current content-based Ad Post discount for all customers except charities.

The Ad Post service commenced in 1976 as a discounted price incentive for advertising mail. Its purpose is to foster the use of direct mail advertising. The discontinuation of the Ad Post service will see customers migrate to the equivalent Barcode Pre-sort service. The phase out is proposed in two stages:

- a 10 per cent increase in Ad Post prices from 1 July 2002; and
- the discontinuation of the Ad Post service in 1 January 2003, resulting in a further 9 per cent price increase as customers migrate to the equivalent Barcode Pre-sort service.

To assist the ACCC's consideration of the draft notification, submissions or comments were sought from interested parties in November 2001. Australia Post intends to provide the ACCC with a formal notification at a later date after considering comments on its draft notification of the proposed changes in pricing for the Ad Post service.

Copies of the draft notification are available on the ACCC website.

Shipping

Release of monitoring report on container stevedoring

The latest ACCC container stevedoring monitoring report shows that average prices for container movements (per twenty foot equivalent unit (TEU)) across wharves by stevedoring services have stabilised over the financial 2000–01 year and they are now at an historical low. This will assist Australian businesses involved in exporting and importing.

Average costs (per TEU) fluctuated considerably over the latest monitored period. This largely reflects seasonal factors affecting throughput as well as a slowdown in volume growth in the first six months of 2001. Average rates of return for the industry are currently higher than they were at the start of the monitoring period.

After the second full year of monitoring the stevedoring levy, it appears on evidence available to the ACCC, that neither stevedoring company, P&O Ports nor Patrick, have passed on the government imposed levy to customers in 2000–01.

The cost of the stevedoring levy seems to have been offset against other cost savings achieved by P&O Ports and Patrick.

The ACCC monitors stevedoring prices, costs and profits to provide the Government and the community with information on the progress of waterfront reforms at Australia's major container terminals. In particular, the ACCC was directed to monitor a levy on stevedores that funded redundancy payments.

The *Container Stevedoring Monitoring Report No. 3* can be downloaded from the ACCC website or obtained from the ACCC's Melbourne office.

National Competition Council (NCC)

Certification of access regimes

Queensland gas

The Queensland Government applied to the NCC in September 1998 to recommend on the effectiveness of the State's access regime for gas pipeline services (Queensland regime). If a regime is certified as effective, services subject to the regime cannot be 'declared' for access under Part IIIA of the Trade Practices Act.

In considering the regime's effectiveness, the NCC has applied the principles set out in clauses 6(2) to 6(4) of the Competition Principles Agreement. The NCC consulted with stakeholders and received a number of submissions, several of which raised concerns over the implications of substantial derogations embedded in the regime. The NCC also obtained a report from the ACCC in April 2000 on the effects of the derogations.

The NCC forwarded its recommendation on the effectiveness of the Queensland regime to the Commonwealth Minister for Financial Services and Regulation in February 2001. The Minister subsequently notified the NCC that he had received a substantial amount of new material from the Queensland Government and the owners of four gas pipelines subject to derogations under the regime. The Minister has sought the NCC's advice as to whether this material raises new issues of relevance to his consideration of effectiveness.

To ensure that all relevant material is properly reflected in its advice to the Minister, the NCC has withdrawn its February 2001 recommendation and will forward a fresh recommendation once it has given full consideration to the submission from the Queensland Government and the joint submission from major pipeline companies.

Given that considerable time has elapsed since interested parties had an opportunity to provide views on the effectiveness of the Queensland regime, the NCC considers it appropriate to release a draft recommendation before forwarding its final recommendation to the Minister. In doing so, the NCC will consult with stakeholders, inviting comment on any certification issues that may be raised in the draft, including possible issues stemming from the new material noted above. The NCC's final recommendation will take account of any relevant material arising through this process.

A copy of the NCC's draft recommendation will be made available on the NCC's website once it is in a position to provide it.

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NT electricity

On 1 December 1999 the NCC received an application from the NT Government to certify a regime as effective for access to NT electricity networks. The NCC subsequently embarked on a public consultation process, publishing an issues paper in December 1999 and calling for submissions.

The NCC released its draft recommendation in September 2000, noting that a number of issues remained outstanding against the Competition Principles Agreement (CPA) criteria. The NCC would therefore be unable to consider the code effective and recommend certification to the Minister.

Principal areas of concern included limitations on contestability and the out-of-balance energy system.

In March 2001 the NCC was able to advise interested parties that the NT Government had addressed these outstanding matters and that the amendments proposed could allow the code to meet the CPA criteria. It also advised that the NCC would be unable to put its final recommendation to the Minister until the proposed changes had been implemented.

The NT Government recently advised that the changes proposed have been implemented. The NCC has forwarded its final recommendation to the Minister in December 2001.

Contact: Trish Lynton
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Victorian rail access regime

On 27 July 2001 the NCC received an application from the Victorian Government for certification of the Victorian rail access regime as effective under Part IIIA. Some of the track covered by this regime is also the subject of a declaration application lodged by Freight Australia, who operates track under lease from the Victorian Government.

While the coverage of each application differs, the commonality of a significant part of the infrastructure allows the NCC to consider these two processes concurrently.

The regime covers a range of matters including a negotiation framework, pricing principles and dispute resolution processes. It appoints the Office of the Regulator General (ORG) to administer the regime. ORG has developed papers and guidelines to indicate how it will manage this appointment (available from <http://www.reggen.vic.gov.au>).

The NCC has issued a position paper seeking comments from interested parties. Submissions will be accepted until 22 February 2002.

Contact: Trish Lynton
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South Australian ports and maritime services access regime

In August 2001 the NCC received an application from the South Australian Government to certify their ports and maritime services access regime as effective. The regime provides for third party access to certain maritime services at prescribed ports. These services include:

- vessel access to ports;
- pilotage services;
- berthing rights;
- port services for loading and unloading vessels; and
- the storage of goods.

The NCC will assess this application through a public process. An issues paper was published in November 2001 with public submission being received until 23 January 2002. The NCC will now consider the material it has received.

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Declaration applications

Western Power

On 9 January 2001 the NCC accepted an application for declaration of certain electrical transmission and distribution services provided by Western Power Corporation. The

application was made by Normandy Power Pty Ltd, NP Kalgoorlie Pty Ltd and Normandy Golden Grove Operations Pty Ltd. The application covers electrical transmission and distribution systems situated in the south-west of Western Australia (known as the 'South West Interconnected System'), servicing the area bounded by Kalbarri in the north, Kalgoorlie in the east, Albany in the south and the western coast of Western Australia.

The NCC released a discussion paper, consulted extensively with interested parties and sought submissions on the application. The NCC's final recommendation on the matter will be made to the Western Australian Premier.

On 7 May 2001 Western Power instituted proceedings in the Federal Court in Perth against the NCC and Normandy seeking to prevent the NCC from considering Normandy's application for declaration of certain Western Power electricity transmission and distribution services. Western Power argues that the application services are not 'services' within the meaning of Part IIIA. These proceedings are ongoing.

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Freight Australia

On 1 May 2001 the NCC received an application from Freight Victoria Limited, a private company trading as Freight Australia, for declaration of the rail line services provided by the rail lines it leases from the Victorian Government, excluding services provided by sidings and some branch lines.

The Victorian rail access regime regulates access to all rail lines leased to Freight Australia, including sidings and branch lines, but only to transport freight. If the services under application are declared, their access terms and conditions could be negotiated under the principles and arbitration processes of the national regime, framed by Part IIIA. The national regime could then cover all declared services and be used as a substitute for the Victorian regime for rail line services that transport freight.

The NCC released an issues paper in June 2001 asking for submissions. It subsequently consulted extensively with interested parties to discuss matters raised in the issues paper. The NCC forwarded its recommendation to the Commonwealth Minister in December 2001. The Minister is scheduled to make his decision in February 2002.

Contact: Trish Lynton
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Portman Iron Ore Limited

On 9 August 2001 the NCC received an application from Portman Iron Ore Limited for declaration of the services provided by the Koolyanobbing–Esperance rail line. WestNet Rail operates this line under a 49-year lease from the Western Australian Government.

Portman has subsequently requested that its application be placed on hold while it considers the effect of the introduction of the WA rail access regime (which commenced operation on 1 September 2001).

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Aulron Energy Ltd

The NCC has received an application under Part IIIA from Aulron Energy Limited for a recommendation to declare the service provided by the Wirrida–Tarcoola railway line.

The Wirrida–Tarcoola rail track forms part of the Tarcoola to Darwin railway, which is currently under construction. Third party access to the Tarcoola to Darwin rail track service will be regulated under the Australasia Railway Third Party Access Regime, through the Australasia Railway (Third Party Access) Code (the code). The Commonwealth Treasurer certified the regime as effective under the s. 44N of the TPA in March 2000.

Under s. 2, the code only applies to so much of the railway as has been constructed between Tarcoola and Darwin to the extent prescribed from time to time. It is the NCC's understanding that while the Wirrida –Tarcoola rail track is already constructed, it has not been prescribed for the purposes of the code.

This application will be considered through an expedited process as the NCC has examined many of the issues raised by the application in its consideration of the Australasia Railway Third Party Access Regime. The process will involve consultation with the applicant, service provider and the South Australian and Northern Territory Governments before the NCC forwards its recommendations to the Commonwealth Minister.

Contact: Michelle Groves
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National gas code

Revocation of the Moomba to Sydney and Dalton to Canberra transmission pipelines (NSW)

Following the decision of the Australian Competition Tribunal in the Eastern Gas pipeline case, EAPL reapplied on 18 June 2001 for revocation of two pipelines within the Moomba to Sydney pipeline system: the Moomba to Wilton pipeline and the Dalton to Canberra pipeline. The NCC released an issues paper in late June calling for submissions. Submissions closed on 13 August 2001.

The NCC released its draft recommendation in December 2001. Public submissions will be accepted by the NCC until 11 February 2002. The NCC is scheduled to forward its recommendation to the Commonwealth Minister by 11 March 2002.

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Revocation of the Parmelia pipeline (WA)

On 31 October 2001 the NCC received an application for revocation of coverage of the Parmelia pipeline in Western Australia under the *Gas Pipeline Access (WA) Act 1998*. The Parmelia pipeline transports natural gas from the Perth Basin at Dongara to Perth and Pinjarra. It also provides some distribution services.

The application was made by CMS Gas Transmission Australia, the operator of the Parmelia pipeline.

The NCC released a draft recommendation in January 2002. Public submissions on this draft will be accepted until 6 February 2002. The NCC will forward its recommendation to the Western Australian Minister by 20 February 2002.

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State developments

Victoria

Essential Services Commission (formerly The Office of the Regulator-General (ORG))

The Essential Services Commission (ESC) commenced operation on 1 January 2002. Established under the *Essential Services Commission Act 2001*, the ESC will subsume the role of the Regulator-General and regulate electricity, gas, water, rail, ports and handling of some grain services.

The ESC will also have additional responsibilities for regulation of water and sewerage services from 1 January 2003.

Other key objectives of the ESC include requirements to:

- have regard to relevant health, safety, environmental and social legislation in its legislation;
- to be consultative and transparent in its processes and to publish a Charter of Consultation and Regulatory Practice;
- coordinate formally with other regulators to avoid duplication and achieve more integrated decisions and outcomes.

The ESC is structured as a commission consisting initially as a chairperson and two part-time commissioners. The inaugural chairperson will be Dr John Tamblyn who has held the position of Regulator-General in Victoria since 1997.

Gas

Review of gas distribution access arrangements

The ESC is required to undertake a review of the access arrangements of the Victorian gas distributors by the end of 2002 for the next five-year period from 2003.

Consultation paper 1 was released in May 2001. The paper provides the background and context for the forthcoming review of gas distribution access arrangements from 2003. This was accompanied by a series of issue-specific workshops.

Issues discussed in the paper and workshops include those relating to the services that are to be provided and the related regulatory arrangements; the prices that will be charged in return for these services; options as to how the incentive-based approach to regulation can be refined and strengthened with specific mechanisms relating to efficiency; and the form and content of access arrangements that apply to Victoria's gas distributors.

Following submissions from stakeholders, the ORG/ESC released a position paper in September.

Further submissions were then received in November and the ESC released a response in December 2001.

Details of the access arrangement review are available on the ESC's website at <http://www.reggen.vic.gov.au>.

Full retail competition

The ESC is seeking to facilitate retail contestability while at the same time protecting consumers. Full retail competition is anticipated in the second half of 2002.

Implementation of Safety Net

The ORG/ESC implemented the consumer Safety Net legislated by the State Government for consumers consuming less that 10TJ of gas per year. Customers will continue to be sold gas under a deemed contract, the terms and conditions of which have been approved by the ORG/ESC and at prices overseen by the State Government.

The deemed contract will be consistent with the terms and conditions contained in the gas retail code developed by the ORG/ESC. The gas retail code was finalised in April 2001 after extensive stakeholder consultation. A consultation process regarding amendment of the code is currently under way. The amendments relate primarily to the further refinement of explicit informed consent by customers, the liability of retailers, cooling-off periods and shortened collection cycles.

Retail rules

In accordance with the *Gas Industry Act 1994*, VENCorp, the independent system operator for the principal transmission system (PTS), is required to develop a scheme for the development of retail gas market rules to apply to customers on the PTS. The ESC will then review and either approve or reject the scheme and/or the rules.

The ORG/ESC reviewed the proposed scheme for retail rule development submitted by VENCorp and the associated retail gas market rules emanating from this scheme. These rules will form the basis of customer transfer processes. The ORG/ESC undertook an open and transparent consultation process before finalising its decision to approve both the scheme and retail gas market rules in October 2001.

Customer information

As has been the case for earlier tranches of contestability, the ESC continues to coordinate education campaigns for newly contestable customers. The ORG/ESC convened a gas contestability seminar on 8 August 2001 for 5-10TJ customers who became contestable on 1 September 2001. The seminar provided these customers with information on gas market reforms, legal and regulatory framework, and a workshop on contract negotiation. The ORG/ESC received positive feedback suggesting the seminar was informative and valuable.

The ESC is currently planning the communication campaign for gas FRC anticipated in late 2002. It is anticipated this will incorporate print, radio and television advertising.

Representation on committees and working groups

The ESC is an observer on the Victorian Gas Retail Rules Committee (VGRRC), which is a committee comprising distribution, retail, consumer and government (observer) representatives, developing the retail rules for the Victorian gas market. At the same time the ESC is also an observer on the Victorian Gas Contestability Forum. The focus of

this group is to ensure a coordinated plan is in place for the successful implementation of gas FRC. This forum has broader stakeholder representation than the VGRRC (which includes the Energy and Water Ombudsman, regional gas network operators and additional consumer groups), thereby seeking to ensure all key stakeholders are kept abreast of significant issues and timing in the lead up to FRC.

The ORG/ESC has also been involved in a number of working groups considering and developing the market structures for FRC, including trading arrangements, legal and regulatory framework and transfer protocol.

Rail

The ORG/ESC's role in relation to the rail access regime that commenced on 1 July 2001 is to:

1. facilitate negotiations about access through ensuring that appropriate information is available in relation to the terms and conditions of access; and
2. make determinations on access in circumstances where commercial negotiations are unsuccessful.

The ESC is about to formally issue notices about access seeker information and other information that operators must prepare and keep (for use in the event of a dispute). Once these notices have been issued and complied with, it will be able to arbitrate disputes about rail access.

Grain

On 6 July 2001 the ORG/ESC received a proposed schedule of charges from GrainCorp for certain grain handling services provided at its Portland and Geelong facilities. After carefully considering the proposal and submissions received from GrainCorp and other interested parties, the ORG/ESC concluded that the proposal did not comply with its pricing principles. Instead, the ORG/ESC decided to increase the default handling charges for 2001–02 by 1.8 per cent.

Early in the New Year the ESC intends to start its second review to determine whether the Portland and Geelong facilities continue to be significant infrastructure facilities for access purposes.

Western Australia

Office of Gas Access Regulation (OffGAR)

On 19 October 2001 the final decision and final approval for the Tubridgi pipeline system was issued under the National Third Party Access Code for Natural Gas Pipeline Systems (the code). This approval is the third of six Western Australian covered pipeline systems approved under the code by the Western Australian Gas Pipelines Access Regulator.

The three pipeline systems for which decisions are pending are the Dampier to Bunbury natural gas pipeline, the Goldfields gas pipeline and the Kalgoorlie to Kambalda lateral. The requirement on the pipeline service provider to lodge a proposed access arrangement for the Kalgoorlie to Kambalda lateral has, however, been deferred by the regulator until 1 December 2002.

Draft decisions for the Dampier to Bunbury natural gas pipeline and the Goldfields gas pipeline were issued on 21 June 2001 and 10 April 2001 respectively. The regulator is endeavouring to progress the assessment of the proposed access arrangements for these pipelines. However, on 16 August 2001, Epic Energy applied to the Supreme Court of Western Australia seeking a review of the regulator's draft decision. This matter was heard by the Supreme Court over a six-day period concluding on 28 November 2001. A decision is pending.

On 13 December 2001 the Goldfields gas pipeline joint venturers also commenced proceedings in the Supreme Court of Western Australia seeking declaratory relief in relation to the draft decision and the application of the code to the Goldfields gas pipeline which is also subject to the *Goldfields Gas Pipeline Agreement Act (1994)*. These proceedings are at a relatively early stage.

OffGAR is also involved in the Western Australian regulatory reform process as an observer on a steering group and three working groups. These concern the develop-ment of rules for FRC in the natural gas market and the development of an electricity code for third party access to the electricity network.

Information on developments relating to gas access regulation is available from OffGAR's website at <http://www.offgar.wa.gov.au>.

Office of Water Regulation (OWR)

Service standards review

Sixty-five customers have made submissions to the review of performance standards in operating licences currently being conducted by the Office of Water Regulation. Most submissions were concerned with water quality, although other issues raised include water pressure, the operation of wastewater treatment plants and access to services.

The review is the first major examination of water utility service standards since the OWR first issued licences under the Water Services Coordination Act in 1996.

Submissions were invited from all interested parties. Water utilities were invited to provide their comment in advance of the closure of public submissions to give customers the opportunity to consider utility submissions.

The submissions can be viewed at <http://www.wrc.wa.gov.au/owr>.

The OWR is currently preparing recommendations for consideration by a working group comprised of customers, regulators and service provider representatives. Meetings will be held in Perth and in the south-west of Western Australia.

A report will be prepared setting out the recommendations of the review and provided to the Minister for Environment and Heritage. The recommendations will be used when the OWR makes amendments to water service operating licences.

South Australia

South Australian Independent Industry Regulator (SAIIR)

Regulatory matters

SAIIR annual report 2000–01

The SAIIR annual report on activities for the 2000–01 year was tabled in Parliament by the Treasurer on

2 October 2001. Copies of the annual report are available from the office. An electronic version is also accessible on the website.

Electricity supply industry

Draft metrology procedure

A draft metrology procedure for South Australia was developed and released for consultation by the Metrology Coordinator (the SA Under-Treasurer) in September 2001. The procedure outlines the range of future metering arrangements that could be applied for small customers in South Australia and is based closely on models developed interstate. A companion paper, which seeks input on a range of key issues that underpin the procedure, was also prepared.

The draft metrology procedure includes a starting position on a range of issues to be discussed, but no policy decisions have yet been taken by the Government.

Retailer of last resort framework

On 4 October 2001 the SAIIR released a pricing and charging framework to complement the retailer of last resort contract published by ETSA Utilities (the distribution network service provider in SA).

The Electricity Act requires ETSA Utilities to sell and supply electricity to customers on terms and conditions approved by the Industry Regulator in the event of an unplanned exit from the market by an electricity retailer. Such an exit may be caused by the suspension or cancellation of the licence of an electricity retailer or the loss by a retailer of the right to acquire electricity from the wholesale market.

Licence applications

Major licence applications currently being processed by the SAIIR include:

- Auspine Green Energy Pty Ltd — generation licence for proposed 60MW biomass-fueled power station at Tarpeena. It is intended that the plant be operational by October 2003;
- Global Intertrade Pty Ltd and Tarong Energy Corporation — generation licence for proposed Starfish Hill Wind Farm near Cape Jervis;
- Southernlink Transmission Company Ltd — transmission licence for the proposed 'hybrid' interconnector based around an upgrade in capacity of the existing Heywood interconnector between Victoria and SA — a discussion paper on this application was released in November 2001;
- Ausker Energies Pty Ltd — generation licence for proposed wind farm at Tungketta Hill; and
- Transgrid — transmission licence for proposed SA–NSW Interconnect (SNI) — a discussion paper on this application was issued in August 2001.

Licence approvals

Cummins Engine Co Pty Ltd — generation licence has been approved for proposed 20MW diesel-fueled power station at Lonsdale, south of Adelaide. The intended date for commissioning of the plant is 1 January 2002.

Second annual performance report of regulated electricity businesses

The SAIIR has released the second annual performance report. This report focuses on the performance of major regulated businesses in the SA electricity supply industry during the year 2000–01. To complement the detailed report, a summary report has also been prepared.

Transmission line performance in South Australia and the SA transmission code

The SAIIR is preparing a discussion paper to review some of the issues associated with the SA–Vic interconnector and the current regulatory arrangements. This discussion paper will provide the basis for consulting on possible changes to the SAIIR transmission code and in particular the code's performance incentive scheme (PI scheme). The paper also reviews the changing role of the SAIIR in relation to the PI scheme and the current and future role of the ACCC in transmission pricing and associated performance incentives.

The paper was available for public consultation until 25 January 2002.

Rail

Rail regulation: annual report 2000–01

The SAIIR has prepared an annual report on its regulatory activities relating to the *AustralAsia Railway (Third Party Access) Act 2000*.

Regulation of the Tarcoola–Darwin railway: information paper

The SAIIR has released an information paper on regulation of the Tarcoola–Darwin railway.

The paper provides context and background to the SAIIR's role as regulator under the AustralAsia Railway (Third Party Access) Code (the code); sets out a timetable (and priorities) for developing various regulatory instruments required by the code; and foreshadows the proposed public consultation.

Ports

Maritime Services (Access) Act 2000

First pricing determination

The determination applies for an initial pricing period of three years and regulates the prices for essential maritime services supplied by the Regulated Operator of South Australia's seven major commercial ports formerly operated by the South Australian Ports Corporation.

The determination took effect from 31 October 2001.

Administration and commencement

The administration of the *Maritime Services (Access) Act 2000* was committed to the Minister for Government Enterprises on 25 October 2001. In addition, 31 October 2001 was fixed as the day on which the Act would come into operation.

ACT

Independent Competition and Regulatory Commission (ICRC)

Progress on full retail contestability in electricity and gas

The ACT is progressing with arrangements to open the gas market to full retail contestability from 1 January 2002. The timetable will maintain parity between the ACT and NSW and Victoria. The ACT gas market is open in principal but effective contestability has restricted the availability of pipeline capacity and market management systems.

The pipeline capacity is now available. The Government recently directed that all gas retailers in the ACT enter arrangements with an accredited gas market management system provider; the only current provider is GMCO. The ICRC has not had applications from other potential systems providers.

While the gas market is moving toward effective competition, progress to FRC in the electricity market is slower. The ACT is unlikely to have FRC from 1 January 2002. Delays have occurred with the ACT election and the cessation of Assembly business. The Assembly met again on 11 December and the Assembly committee may reconsider FRC early in the new year. It is more likely that FRC will commence closer to July 2002, pending the Legislative Assembly finalising its views on the overall benefit of FRC to all customers and whether some small customers should remain regulated.

The ICRC may be referred an inquiry into the costs and benefits of FRC to franchise customers. A final report is expected early in the new year.

The ICRC is also considering amendments to various industry codes to facilitate the opening of both the gas and electricity markets, particularly the retailer of last resort code and the market rules for transfers and settlements in each utility.

Taxi pricing inquiry

The ICRC has been referred an inquiry into taxi prices for the period 1 July 2002 to 30 June 2004. It has published notice of the reference and called for submissions. The ICRC renewed calls for submissions when the issues paper was issued in November. Submissions on the matters raised in the issues paper closed on 4 February. The draft report is due for publication in early March 2002 and the final report by the end of May 2002. The ICRC will consider refinements to its pricing model established in last year's inquiry. There are several issues about which the ICRC is concerned: licence quotas, quality of service issues, the operation of the wheel chair accessible taxis and the service standards appropriate to them. The ICRC has engaged IPART to assist with the inquiry, following the successful delivery of the last determination in early 2001.

New South Wales

Independent Pricing and Regulatory Tribunal (IPART)

IPART reports mentioned below can be downloaded from <http://www.ipart.nsw.gov.au>.

Energy

IPART intends to undertake a public review and make determinations about the recovery of FRC costs of all electricity and gas networks and retail businesses. The review should be completed by the first quarter in 2002. IPART has engaged PB Associates to undertake a review of all FRC related costs and will shortly release an information paper.

Electricity

Ring fencing

IPART released a draft report and guidelines in June 2001. The report proposes legal separation, physical separation of offices and information systems, restrictions on the use of shared staff, and a requirement for DNSPs to provide access to information and services on arm's length and competitively neutral terms. Submissions on the draft report were due by 10 August 2001. IPART expects to release a final report and guidelines in the first quarter of 2002.

Form of economic regulation review

In the lead up to the 2004 network determination, IPART is considering an amendment to the form of economic regulation. IPART released an issues paper in August 2001. Submissions closed on 21 September and a public forum will be held on 21 February 2002. IPART will release a draft report in March 2002, submissions in April and a final report by 30 June 2002.

Network pricing report

Distribution network service providers (DNSPs) are required to publish prices and services reports by 30 November 2002. Under the pricing principles and methodology (PPM), IPART has 60 days to approve these reports. IPART has reviewed the reports and requested a number of changes to comply with the requirements of the PPM.

Capital contributions

A draft determination was released in October 2001. The draft report proposes that customers fund connection, and DNSPs fund shared assets. It also proposes a reimbursement system for rural and large load customers where subsequent customers use assets funded by the original customer.

IPART has received several submissions and expects to release a final report in March 2002 to implement from 1 July 2002.

Report and monitoring on ETEF

The auditors have completed a systems audit under s. 87 of the *Electricity Supply Act 1995* AUS810. IPART has reported the audit findings to the Treasurer and Minister.

Retail tariff

The Minister for Energy has requested that IPART undertake a mid-term review in its retail determination and report by 1 June 2002.

Undergrounding of electricity distribution cables

The Minister for Energy has requested IPART to assist under s. 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* in identifying the costs, benefits and funding for undergrounding electricity cables in urban areas of NSW. IPART has to provide an interim report in March 2002 and a final report by 10 May 2002.

Distribution loss factors

IPART has asked DNSPs for their proposed distribution loss factors for 2002–03. A consultant will assist in the analysis. IPART is to report to NEMMCO by April 2002.

Demand management

The Premier has asked IPART to commence an inquiry into demand management and electricity network services. IPART held a public hearing of the review on 20 September. Charles River and Associates (CRA) have been commissioned to assess the relative commercial feasibility of the various demand management and distributed generation options and their potential contributions to meeting customers' energy requirements. CRA chaired an 'experts forum' on this project on 22 November.

Regulatory accounts

IPART released a draft Proposed Accounting Separation Code of Practice for Regulated Electricity Businesses in New South Wales which would replace the existing code. The objective is to establish robust, comparable data on the costs of the regulated business activities of the electricity businesses for future regulatory determinations. A key issue is the pricing of services between the regulated businesses and related unregulated prices. Submissions have been received from stakeholders and IPART is engaging in further consultation before finalising the code of practice.

Gas

Retail reviews

In December 2001 IPART published its final report on gas default tariffs for small customers (using less than 1TJ per annum) served by Country Energy. The report contains the voluntary pricing principles agreed between Country Energy and IPART and sets a price path to 2004.

IPART is currently reviewing prices charged by Origin Energy in Albury, Jindera and a number of Murray Valley towns, and is also collecting information for reviews of prices charged by Integral Energy in Shoalhaven and ActewAGL in Queanbeyan and Yarrowlumla.

Energy licensing

IPART's report on electricity businesses' compliance with licence conditions in 2000–01 is currently with the Minister for Energy. The report will be available from IPART's website shortly after it is tabled.

The Government has introduced new licence conditions to support the introduction of full retail competition in gas and electricity from 1 January 2002. To assist licence holders, IPART has prepared reference documents consolidating all obligations imposed as electricity licence conditions or natural gas authorisation conditions.

Separate reference documents are available from IPART's website covering:

- electricity distribution network service providers' licence conditions;
- retail suppliers' licence conditions;
- standard retail suppliers' and retailers of last resort endorsement conditions;
- natural gas reticulators' authorisation conditions;
- natural gas retail suppliers' authorisation conditions; and
- natural gas standard suppliers' and retailers of last resort endorsement conditions.

IPART will update these reference documents from time to time to reflect any changes in licence/authorisation conditions.

IPART is also developing compliance reporting manuals for each licence/authorisation type. These pro forma templates will consolidate the reporting, auditing and data accuracy requirements for each licence/authorisation condition.

To monitor compliance in the early stages of full retail competition, the Minister for Energy has introduced quarterly compliance reporting for at least the first half of 2002. Electricity DNSPs and electricity and gas retail suppliers will report to IPART in April and August 2002 on their compliance with key customer protection-related licence/authorisation conditions.

In March 2002 IPART will hold a workshop to explain the proposed recommendations from its review of the electricity and gas licensing regimes. The review is to recommend changes to licence/authorisation conditions or administrative arrangements that will improve licence/authorisation holders' compliance with licence/authorisation conditions and the Government's energy policies.

Water

Water licensing

Revised systems performance standards were gazetted in August for Sydney Water. IPART presented a revised customer contract for Sydney Water to the Minister on 23 November 2001.

IPART is due to complete its review of Hunter Water Corporation's operating licence in March 2002. An issues paper and submissions to the review are available from IPART's website. A workshop with key stakeholders was held in Newcastle on 20 November 2001.

Annual operating licence audits and associated draft ministerial recommendations for Sydney Catchment Authority and Hunter Water were presented to Government in November 2001. Sydney Water's operating licence audit is due for completion by February 2002.

Mid-term reviews of the operating licences of Sydney Water and Sydney Catchment Authority are to commence in April 2002 for completion by September 2002. An issues paper will be published shortly.

Bulk water

In December 2001 IPART released a determination of bulk water prices charged by the Department of Land and Water Conservation. The determination covers the period 1 October 2001 to 30 June 2004. A draft report was released in October for stakeholder comment.

IPART capped price increases for water extracted from regulated rivers at 15 per cent per annum. For water extracted from unregulated rivers and ground water sources the cap on price increases was set at 20 per cent. However, as the current level of cost recovery varies between catchments, many users, particularly on regulated rivers will face real price increases of 8.5 per cent per year or less. The Department of Land and Water Conservation has requested price increases of up to 20 per cent a year for the next three years.

Transport

Like last year, IPART will again review fares for taxis, private buses and private ferries under s. 9 of its Act. These reviews will allow for greater public consultation than was permitted last year, with IPART making recommendations to the Minister for Transport in June 2002. At the same time IPART will be conducting its annual determination of public transport fares for CityRail and State Transit Authority services.

Tasmania

Electricity division

Reliability and Network Planning Panel (RNPP)

One of the functions of the RNPP is to determine guidelines governing the exercise of the System Controller's power to issue directions to maintain or re-establish the power system in a reliable state. In October 2001 the RNPP released draft guidelines for power systems directions, developed by the System Controller, based on:

- outcomes from the NEM guidelines review (as appropriate for Tasmania in a pre-NEM environment);
- industry objectives and code objectives as described in the Tasmanian Electricity Code; and
- matters specific to the Tasmanian jurisdiction for the period before Tasmania joined the NEM.

The RNPP is presently undertaking a public consultation process on the proposed guidelines with a report to be submitted to the regulator by January 2002.

Performance measures project

The RNPP has started a review of standards for the Tasmanian power system. This includes an assessment of the adequacy and appropriateness of NEC standards for performance of the Tasmanian power system after NEM entry. Key performance measures have been identified and current performance status is being documented. The final report of the working group to the RNPP was finalised in December 2001 and included interstate benchmarking where available. The report reflects feedback from the industry, including advice of the performance measures the businesses currently monitor, and the costs involved in respect of new measures being proposed.

Electricity licence applications

Bell Bay power station

The Hydro-Electric Corporation proposes to transfer the operational responsibility for Bell Bay power station in northern Tasmania from the Hydro-Electric Corporation to a subsidiary of the corporation, effective on or about 1 January 2002. This is in preparation for the Tasmanian Government's arrangements for Tasmania's entry to the national electricity market (NEM).

The regulator has been asked to consider the grant of a generation licence to the new entity and is undertaking public consultation with regard to the request for a licence.

Basslink Pty Ltd

The Resource Planning and Development Commission (RPDC) has asked the regulator to prepare a draft transmission licence for Basslink Pty Ltd (BPL). The regulator has provided a draft licence to the RPDC, the licence being for transmission operations by BPL for the proposed interconnector between the Tasmanian power system and the Victorian region of the NEM.

Code changes

The Tasmanian Electricity Code previously provided for a major review of the code, to be commenced by 1 October 2001 and to conclude with the publication of a revised code by 31 December 2002. The code has been amended to initiate the major code review in response to the Minister responsible for the *Electricity Supply Industry Act 1995* (Tas) requiring the regulator to review and report on the code.

The review is intended to have regard to, and occur in the context of, interconnection of the Tasmanian and Victorian electricity grids and Tasmania's participation in the NEM. The purpose of the review is to revise the code to ensure it is aligned with the NEM framework. The old timing for the review reflected the NEM entry timetable, as it was understood when the relevant clause was originally inserted in the code. The amendment makes the clause compatible with the current NEM timetable and allows flexibility should that timetable change.

Gas division

Tender for the grant of a natural gas distribution franchise

The Tasmanian Government proposes to award franchises for the distribution and retailing of natural gas in Tasmania by tender. An application was submitted on 7 September 2001 by the State of Tasmania requesting the regulator's approval for the use of the tender process to determine reference tariffs for natural gas distribution. The proposal is in accordance with the provisions of the National Third Party Access Code for Natural Gas Pipeline Systems (the code). The tender process provides for the determination of reference tariffs by competition rather than by the conventional investigation of costs, forecasts and appropriate rates of return. The tender process is particularly relevant to a greenfields development such as the development of the natural gas industry in Tasmania.

The regulator notified the public and interested persons of the receipt of a tender approval request (TAR) as contemplated by the code and called for submissions relating to the tender process. On 9 November 2001 the Tasmanian Energy Regulator approved the TAR and released his statement of reasons.

In making his decision the regulator gave particular consideration to three issues:

- the concern expressed in submissions that the State, in conducting the tender, may have or appear to have a conflict of interest in conducting the tender process, as the State-owned company, Aurora Energy Pty Ltd, had publicly stated that it would be a bidder in a consortium with Agility Management Pty Ltd;
- the mandatory requirement that bidders purchase the decommissioned Launceston town gas distribution system — to remove the comparative advantage held by the owner of the system; and
- the reasonableness of the conformity requirements, in particular the tariff profile mandated by nominating a particular X-factor.

The national gas code sets out matters which must satisfy the regulator before giving approval to a TAR. These matters include whether the tender process will be competitive. On this matter, the regulator took account of matters raised in submissions and information provided by the State,

including the reported views of potential bidders. The regulator was satisfied that the potential for the conflict of interest would be managed through mitigation measures contained in the process. The code also requires that the regulator be satisfied that the successful tender will be selected principally on the basis that it will deliver the lowest sustainable tariffs, and that the proposed reference tariffs meet certain objectives.

The State has now commenced the bidder evaluation phase in which parties who meet the relevant criteria will be invited, subject to signing a participation deed, to enter the bidding process.

Upon the selection of the successful bidder, the State will submit to the regulator a final approval request (FAR). The regulator is required to approve the FAR if he is satisfied that it conforms to the requirements of the code. Subsequent to the approval of the FAR, a gas pricing order and access arrangement will be developed in accordance with the terms of the successful tender. Licences are expected to be issued to the franchisees by mid-2002.

Government Prices Oversight Commission (GPOC)

Bulk water pricing investigations

The second investigation into the pricing policies of the State's three bulk water suppliers, Hobart Regional Water Authority, Esk Water Authority and North West Water Authority (trading as Cradle Coast Water) was completed in July 2001. In accordance with the terms of reference for the investigation, GPOC released for comment a draft report in May 2001 and submitted the final report to the Treasurer, the Minister and the three water supply authorities on 31 July 2001. In summary GPOC:

- considered that the principles underpinning the pricing structure should be forward-looking, with less emphasis on the allocation of sunk costs;
- found that for Esk Water and Cradle Coast Water, the volumetric rates proposed by the water suppliers were higher than would be supported by economic principles;
- considered that a regional average volumetric charge is generally appropriate unless there are significant differences in operating costs or in the needs for local augmentation of the system;
- concluded that the way in which fixed costs are recovered is essentially a matter of equity rather than economics and proposed that an alternative based on weighted connections may be more acceptable to the community; and
- noted that the current water policies of Hobart Water created an incentive for each council to ration supply to reduce costs by reducing its share of the fixed costs and further work is required to rationalise Hobart Water's pricing policy.

The Government considered GPOC's recommendations and the Premier, as Minister for Local Government, issued a revised pricing determination that reflected the key recommendations.

Queensland

Queensland Competition Authority (QCA)

Electricity

The QCA's regulation of electricity distribution determination quarantined assets and services previously excluded from the regulatory asset base, for a period of twelve months. This was to allow distribution network service providers (DNSPs) or other interested parties sufficient time in which to apply to have these assets and services excluded from regulation. During this time, the return on quarantined services is limited to cost plus a margin.

The QCA has recently classified services that were not included in the revenue cap as either distribution services to be regulated or non-distribution services. Some of the distribution services have their fees set by legislation. For the remainder, the QCA has set a margin of 5 per cent on fully allocated costs, to be reviewed after 30 June 2002. The QCA also agreed to exclude some services provided by Ergon Energy from regulation since their provision had been subject to competition.

The QCA has also progressed the implementation of requirements in the determination relating to regulatory accounting and information reporting, including service quality measures. The DNSPs are due to commence reporting service quality measures from March 2002, with the format of the regulatory accounts to be finalised shortly. This process has occurred in the context of the QCA's participation in the National Regulatory Reporting Requirements forum, which has sought to more closely align data collection and reporting across jurisdictions where appropriate.

The QCA has granted Ergon Energy a waiver from the requirement under the QCA's ring fencing determination that its isolated generation services be placed into a separate legal entity. This waiver was effective from 10 October 2001. This recognised that there would be material costs but no apparent public benefit in enforcing the ring-fencing requirement.

The QCA's final decision on this matter can be accessed at <http://www.qca.org.au/>.

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Gas

The *Gas Pipelines Access (Queensland) Act 1998* gives effect to the national gas code in Queensland. The code and the legislation provide that the QCA is the relevant regulator for approval of access arrangements for natural gas distribution systems in the State. Schedule A to the code lists the relevant natural gas distribution systems covered by the code in Queensland. These systems include:

- the Gas Corporation of Queensland system (now owned by Envestra Limited), which incorporates the Gladstone, Ipswich, North Brisbane and Rockhampton networks;
- the Allgas Energy Limited system, which incorporates the Gold Coast, Oakey, South Brisbane and Toowoomba networks;
- the Dalby system, owned by the Dalby Town Council; and
- the Roma system, owned by the Roma Town Council.

The Dalby system has recently been revoked from coverage under the code's provisions. Roma Town Council is currently considering revocation of coverage from the code for its network and the QCA has therefore elected not to pursue the issue of lodgment of an access arrangement for this network at the present time.

In accordance with the requirements of the code, the two major distribution network owners, Allgas Energy Limited and Envestra Limited, submitted proposed access arrangements and information to the QCA for approval in October 2000.

The QCA released an issues paper along with the distributors' proposed access arrangements on 17 November 2000.

After consideration of submissions and other material, the QCA released its draft decision on 22 March 2001, and its final decision on 3 October 2001.

The final decision was to not approve the proposed access arrangements in their present form and to require a series of amendments. Allgas and Envestra were required to submit revised access arrangements and information, incorporating the required amendments by 12 November 2001. Allgas and Envestra submitted revised access arrangements by the required date. The QCA approved the revised access arrangements on 21 December 2001.

The QCA's draft and final decisions, final approval and the approved access arrangements are available on their website at <http://www.qca.org.au>.

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Local government

The fourth review of QCA's progress in implementing competition reforms commenced on 1 August 2001. The review covers reforms implemented by Queensland's 125 councils during the twelve months to 31 July 2001.

Since the last review six councils have nominated an additional 15 business activities for review under the scheme. Four councils, which previously adopted levels of reform below that consistent with the benchmark for their category, have now adopted a higher level of reform. One council, which previously withdrew from the scheme, has resumed efforts at implementing the reforms.

Recommendations for payments under the Local Government Financial Incentive Payments Scheme, are due to be submitted to Ministers by 28 February 2002.

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Rail

In July 2001 the QCA decided not to approve Queensland Rail's (QR's) 1999 draft undertaking. Recognising industry and government support for an approved undertaking to be in place as soon as possible, the QCA issued a notice on 5 July requiring that QR give the QCA a draft access undertaking for its declared services within 90 days of the date of the notice. On 2 October 2001, QR submitted a draft access undertaking to the QCA in response to the notice.

Under the QCA Act, the QCA had to approve, or refuse to approve, the 2001 draft access undertaking within 60 days, or a longer period as notified by them. In November the QCA extended the period for reaching a decision on QR's draft access undertaking. After taking into account submissions from interested parties, the QCA refused to approve QR's 2001 draft access undertaking on 20 December 2001 and, at the same time, issued a secondary undertaking notice requiring QR to give the QCA a draft access undertaking amended in accordance with the QCA's decision.

As the QCA had kept in close contact with QR in reaching this decision, QR was able to immediately submit a revised draft access undertaking that met the requirements of the QCA in relation to the 2001 draft access undertaking. The QCA was able to approve QR's revised access undertaking on 20 December 2001.

QR's approved access undertaking came into effect on 20 December 2001 and expires on 30 June 2005. However, some aspects of the undertaking will not come into effect until 1 March 2002. This arrangement was included to ensure that QR had sufficient time to establish the internal procedures needed for it to comply with its obligations under the undertaking. The approved undertaking also recognises that there are a number of matters which will have to be completed over the coming months to give effect to the undertaking. For example, the development and approval of a standard access agreement for coal carrying services.

The QCA's decision on QR's 2001 access undertaking, its approval documentation and the approved undertaking are available on the QCA website at <http://www.qca.org.au>.

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Water

The QCA recently released for public comment a draft report on its recommendations on the pricing practices of Gladstone Area Water Board (GAWB).

While there are a number of changes in pricing practices recommended for GAWB, the net effect of these changes on its revenue requirement is not expected to be significant.

The QCA also provided its recommendations on whether the bulk water activities of 18 nominated councils meet the criteria for identification of Government monopoly business activities to Ministers in October 2001.

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Northern Territory

Utilities Commission

Ring fencing

As required by the Northern Territory Electricity ring fencing code, draft cost allocation and accounting procedures were developed by the Power and Water Authority (PAWA) and submitted to the Commission for approval in September 2001. Based on information submitted to the Commission by PAWA, and

incorporating amendments made to the procedures on 30 October and 9 November, the Commission approved the accounting and cost allocation procedures on 12 November 2001.

Draft procedures relating to information sharing are due to be submitted to the Commission by 31 December 2001.

Purchase of electricity for contestable NT Government customers

During September 2001 the NT Department of Corporate and Information Services (DCIS) issued the first of a series of tenders for the supply of electricity to contestable NT Government sites. To assist DCIS to ensure that the tender process was conducted in a fair and transparent manner, the Commission issued contestable pricing guidelines which discussed the regulatory and competitive implications of PAWA's incumbency and vertically integrated operations, and the pricing conduct in such circumstances that would be consistent with the objectives of the *Electricity Reform Act 2000*, the *Utilities Commission Act 2000* and the ring fencing code.

Grace period customers

The initial tranche of contestable customers in the NT is approaching the end of its grace period. The Commission is drafting guidelines to assist customers and suppliers through this transitional period and is considering what, if any, specific arrangements are required for customers who may not have entered into a post-contestability contract with a supplier by the end of the grace period.

Annual power system review

The Commission released its first annual review in October 2001, reporting on the prospects for system capacity and system load as required under the Electricity Reform Act. The report found that existing generation capacity in Alice Springs was likely to be insufficient by 2003–04, warranting action by the Government to encourage additional capacity (including a possibility to tender out the right for the next increment of capacity). Existing generation capacity in both the Darwin–Katherine and Tennant Creek systems appears sufficient for the foreseeable future, including the possible implications of off-shore gas developments.

Economic dispatch

The Commission is about to release a discussion paper in response to generation-related amendments to the Territory's Electricity Network Access Code that took effect on 1 July 2001. The paper will explore issues surrounding development and adoption of some form of economic dispatch arrangements in the Territory's power system, to supplement the existing bilateral contracting arrangements. The code requires that economic dispatch arrangements sufficient to give effect to the code's revised energy balancing pricing principles are to be fully operational by 1 July 2002.

Contributing to Network

If you are interested in providing an article to be published in *Network*, please contact Katrina Huntington on (03) 9290 1915 or email to: <katrina.huntington@accc.gov.au>.

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