



Gas Full Retail Contestability

Final Decision:

*Scheme to Develop Retail Gas
Market Rules – Western and
Coastal Transmission Systems*

28 March 2002

Level 2, 35 Spring Street, Melbourne 3000
Telephone (+61 3) 9651 0222 Facsimile: (+61 3) 9651 3688

APPROVAL OF A SCHEME TO DEVELOP RETAIL GAS MARKET RULES FOR THE WESTERN AND COASTAL SYSTEMS

Application

Pursuant to section 63 of the *Gas Industry Act 2001* (the “Act”), on 7 February 2002 TXU Networks (Gas) Pty Ltd (TXUN) applied to the Commission for approval of a Scheme to facilitate the development and implementation of Rules for the Coastal and Western Systems.

Consultation

In addition to conducting its own analysis of the proposed Scheme, taking into consideration Guideline No 9 and relevant legislation, the Commission undertook a consultation process with stakeholders and other interested persons in its usual manner.

On 21 February 2002 the Commission issued a Discussion Paper *Scheme for Development of Retail Gas Market Rules – Western and Coastal Systems* and invited submissions on the paper. Four submissions were received.

The Commission, in its Discussion Paper, noted that the proposed Rules Committee comprises one voting representative from each of customer interests, TXU Retail, independent retailers (one vote in total for Origin Energy Retail and Pulse Energy) and TXU Networks. The Chairman, representing TXU Networks, holds the casting vote in the event of a tie.

The Commission sought comment on whether the proposed constituency and voting representation on the proposed Rules Committee is appropriate. The Commission also sought the views of stakeholders as to whether the proposed structure of the proposed Rules Committee is consistent with the Commission’s objectives as articulated in Guideline 9, and whether its decision-making is based on a transparent process, with effective consultation, analysis and decision-making.

In light of the Commission’s stated objective in Guideline 9 specifically with respect to the protection of consumer interests, the Commission sought comment on whether the Scheme proposed by TXU adequately incorporates public and industry consultation. Furthermore, whether the level of consumer representation on the committee is sufficient for ongoing representation and consideration of consumer interests.

Statement of purpose and reasons

In making this Decision, the Commission is exercising its statutory power under section 63 of the Act. The purpose of the determination is to approve the Scheme submitted to the Commission on 7 February 2002, subject to amendments.

The Commission has considered the Scheme in light of the principles set out in the Commission’s Guideline No 9, the Commission’s statutory objectives and submissions received from interested persons. The Commission considers that the Scheme should be approved subject to the amendments outlined below.

Amendments Required

The Commission requires TXUN to amend the Scheme to include the following voting representatives:

- an independent chairperson approved by the Director, Gas Water and Ports;
- an independent retailer representative (not affiliated with TXUN or TXU Retail) appointed by the National Retailer's Forum;
- a large customer representative; and
- a small business and residential customer.

A quorum will be required to be four voting members plus the Chairperson.

References in the Scheme to 'TXU' are to be amended to either TXU Networks or TXU Retail for purposes of clarity.

These amendments have been suggested in submissions received from interested parties. The Commission is of the view that the adoption of these amendments will constitute a robust Scheme that conforms more closely with the Commissions objectives as articulated in Guideline No 9.

The Commission is satisfied that subject to the aforementioned amendments, decision-making is based on a transparent process, with effective consultation, analysis and decision-making.

The Commission is of the view that the level of consumer representation on the Committee is now sufficient for ongoing representation and consideration of consumer interests.

The Commission is also of the view that the proposed constituency and voting representation on the proposed Rules Committee is more appropriate than previously proposed.

Formal determination

In accordance with section 63 of the Act, the Commission hereby approves the Scheme for the development of Retail Gas Market Rules for the Western and Coastal Transmission Systems which were submitted to it by TXUN on 7 February 2002 subject to the amendments contained in this decision.

Publication

In accordance with the requirements of section 35 of the Essential Services Act 2001, notice of this decision will be published in the Government Gazette, in a daily newspaper and on the Commission's website.

[signed and sealed John C Tamblyn]

JOHN C TAMBLYN

Chairperson – Essential Services Commission.