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Regulation Review
Independent Pricing and Regulatory Tribunal
PO Box Q290
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Investigation into the burden of regulation in NSW and improving regulatory efficiency - Response to Draft Report

AGL welcomes the opportunity to respond to this "Investigation into the burden of regulation in NSW and improving regulatory efficiency – Draft Report" ("Report"). AGL supports the investigation by the NSW Government and the Independent Pricing and Regulatory Tribunal ("IPART") to improve the efficiency of regulation and reduce unnecessary burden on business and consumers. The comments contained in this response are specific to energy regulation.

Energy Markets

AGL supports IPART's view that the energy market reform proposed by the Ministerial Council of Energy (MCE) is likely to address the following concerns for retailers:

- regulation acting as a barrier to market entry;
- unnecessary or excessive regulation in areas such as billing, contractual, and auditing and reporting requirements;
- consistency of regulatory requirements across jurisdictions and with suppliers of other goods and services; and
- inconsistency of energy regulation with fair trading legislation.

AGL believes that these objectives can be realised with the support and commitment for a national regulatory framework for energy by the regulators and other stakeholders.

AGL agrees that with the view that given the significant work that is in progress on national regulatory framework for energy, reforms to NSW energy regulation cannot be justified as the lead time and costs associated with system changes are likely to outweigh any benefits.

It is however important that all jurisdictions transfer all agreed functions to the national regulator to ensure a framework is established which delivers a more streamlined, efficient and lower cost basis for best practice energy regulation.

Energy Efficiency

AGL supports the recommendations relating to energy efficiency. However, while energy efficiency is an important policy objective, it should only be pursued where the estimated benefits of implementing energy efficiency initiatives are greater than the estimated costs (including administration) of the program.

AGL believes that the Commonwealth and NSW Governments should seek to merge the NSW Energy Saving Actions Plans and Commonwealth Energy Efficiency Opportunity Assessments. At the very least, the requirements should be harmonised. Multiple programs impose unnecessary reporting requirements on larger industries that are energy intensive. This is particularly true for many of AGL's larger customers who are already implementing energy savings initiatives.

It should be noted that the Victorian Government has recently announced a program similar to the NSW Energy Saving Actions Plans. The Victorian Government policy package 'Our Environment, Our Future', includes an initiative that requires the top 250 energy and water users in Victoria to prepare and implement Environment and Resource Efficiency Plans.

It is important that the NSW, Commonwealth and Victorian Governments coordinate delivery of their energy efficiency programs. Ideally, these requirements should be merged into a single policy. Many of AGL's larger customers operate in a number of jurisdictions and are subject to intense export/import competition. Multiple and different reporting requirements impose unnecessary additional costs on these customers.

Greenhouse Gas Emissions

There are two relevant issues related to greenhouse gas emissions and regulation:

- The need for a national policy approach for reducing greenhouse gas emissions. The AGL Greenhouse Gas Policy states that AGL supports the establishment of national long-term and interim greenhouse gas reduction targets. As a first step, governments should reach agreement on principles for management of greenhouse gas emissions.
- The need for a national framework for the reporting of greenhouse gas emissions. At present, there is no national approach to the reporting of greenhouse gas emissions. AGL supports the recent initiatives agreed to by Council of Australian Governments (COAG) relating to a nationally consistent model for reporting greenhouse gas emissions.

Should you have any questions regarding this submission please contact Natasha Cheshire on (08) 8299 4515 or email ncheshire@agl.com.au.

Yours sincerely,

[Submitted by email]

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