

29 September 2008

Mr Graeme Cook
Chair, GSOO Steering Committee
VENCorp
PO Box 413
World Trade Centre VIC 8005

Email: graeme.cook@vencorp.vic.gov.au

Dear Graeme,

RE: Scope of a National Gas Statement of Opportunities — Industry Consultation Paper

The ERAA appreciates this opportunity for industry comment on the proposed scope and approach to the National Gas Statement of Opportunities (GSOO).

The ERAA is an association representing 15 retailers of electricity and gas throughout the National Electricity Market and the jurisdictional gas markets. ERAA members collectively provide electricity and gas to the majority of customers in Eastern Australia and are the first point of contact for end-use customers for both gas and electricity.

As you would be well aware, the ERAA continues to support the National Gas Reform program being pursued by the MCE and the Gas Market Leaders Group, on which we are represented. The ERAA has two representatives on the steering committee that has been actively reviewing the scope of the GSOO. Whilst the ERAA is broadly in support of the scope and approach, we have some issues we wish to draw to your attention.

- The proposed powers are very broad, requiring provision of data on “likely” and “possible” projects. An obligation to provide data on “possible” projects in particular is quite vague and might be difficult for parties to comply with in practice. By contrast, the electricity Statement of Opportunities seeks information on “committed” and “publicly announced” projects, with clear criteria for establishing what is a “committed” project. We are concerned that the broad scope of projects could undermine the credibility of the GSOO, reducing its usefulness as an investment planning tool.

- The AEMO establishment paper proposed the use of MINs and MIOs for compelling participants to provide information for the GSOO. Failure to comply with these instruments under the NGL could carry up to \$100K civil penalties. This seems like a fairly heavy-handed regulatory approach compared with the electricity SOO, particularly if the proposed information sought relates to a speculative assessment of "possible" projects. For listed entities, it might also create obligations that do not line up very well with market disclosure requirements, thereby creating compliance difficulties.
- We would also like to see an exclusion of liability for companies providing information to the GSOO. Some of the information provided by participants will necessarily be a bit subjective given the 10-20 year GSOO timeframe. It would be unreasonable to expose the providers to liability in these circumstances. We note that a similar exclusion of liability was introduced for the providers of information to the Bulletin Board.

Should you have any queries with respect to matters raised in this submission, please contact me on (02) 9437 6180.

Yours Sincerely,

[Transmitted Electronically]

Cameron O'Reilly
Executive Director
Energy Retailers Association of Australia