



# Australian Competition and Consumer Commission

## Executive minute

**Minute No** 21/2020  
**To:** Treasurer  
**Copies to:** Prime Minister, Minister for Energy and Emissions Reduction, Minister for Resources, Water and Northern Australia  
**Date:** 20/07/2020  
**Subject:** ACCC Gas Inquiry 2017–2025 July 2020 Interim Report  
**Timing:** Routine

### Recommendation:

That you note the findings and recommendations of the ACCC Gas Inquiry 2017–2025 July 2020 Interim Report

**Noted:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### Issue

- s 22 [REDACTED]
- The ACCC is providing to you today the ninth interim report of its Gas Inquiry. This report provides an update on matters related to the demand-supply outlook in the East Coast Gas Market in 2021, as well as pricing of wholesale gas, transportation and pipeline storage services based on domestic market data up to February 2020. s 22 [REDACTED]
- s 22 [REDACTED]

Pages 2, 3, 4 and 6 are outside the scope of the request and have been deleted.

## Transportation and storage

- The standing prices published by most pipelines increased in line with inflation between July 2019 and January 2020, as did the actual prices paid by shippers.
- From July 2018 to January 2020, prices paid on the Port Campbell to Adelaide pipeline rose by 61 per cent and the maximum price on the MAPS rose by 17 per cent. The level of these increases suggests that competition is not constraining the prices charged by the two pipelines.
- Our examination of negotiations for access to key pipelines highlights one of the risks in relying on more gas being able to flow from Queensland into the southern states. That is, if a shipper or producer in the north is unable to obtain timely access to key pipelines and facilities in order to transport gas to the southern states, the risk of a shortfall in the East Coast Gas Market is increased.
  - Between March 2019 and February 2020, a large number of negotiations were undertaken between pipeline operators and shippers on key pipelines. In most cases, the negotiations were completed within two months, but there were a number of cases where negotiations took longer.
  - This can reflect a range of factors, including whether there was any uncontracted capacity, the type of service sought by the shipper, and whether any capital works were required.
- There are signs that new contracts and variations may be moving to longer contract terms.
  - Between March 2019 and February 2020 a total of 41 new GTAs and variations that included a firm forward haul service were executed. Of these, 13 were for terms of three years or more, and a further 19 were for terms of more than one year.
  - While this is longer than the contract terms we observed the last time we examined this issue, it is considerably shorter than the 10 to 15 year terms that are usually required to underwrite a major expansion or development of a new pipeline.
- The Wallumbilla compression facilities are fully contracted, limiting access to capacity on the SWQP between Wallumbilla and Moomba. The southern haul capacity of the MAPS is also fully contracted over this period. This lack of uncontracted capacity could pose a problem in 2021 if producers in the southern states experience any delays or difficulties producing gas from undeveloped 2P reserves and more gas has to flow south.