

Our Ref: 2021-10-05
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5 October 2021

Attention: Rebecca Knights
Department of Energy and Mining
Energy and Technical Regulation Division
GPO Box 320
ADELAIDE SA 5001

BY EMAIL: demenergymarketreform@sa.gov.au

Dear Ms Knights,

RE: South Australia Derogation on Price Reporting from the Gas Pipeline Regulation National Package Consultation Paper (Consultation)

We refer to the above Consultation Paper and appreciate the opportunity to provide comment on the proposed options presented. Epic is pleased to provide its responses as follows to the Consultation questions in support of the proposed Option 1: Anonymised minimum and maximum prices, along with weighted average prices.

Epic notes that it does not support the Decision Regulation Impact Statement's (DRIS) suggestion that the additional disclosure requirements proposed will address the identified information deficiencies and improve the quality and reliability, accessibility and usability of the information for shippers in South Australia. On the contrary, Epic is of the view that the additional disclosure requirements proposed under the DRIS would make the information less usable and reliable and create confusion, as many of the bespoke services contracted to shippers in South Australia reflect the individual characteristics of a shipper's specific plant and operating requirements.

Epic also notes that South Australia does not have the firm/dispatchable generation diversity which other east coast states have access to, through coal fired and hydroelectric generation. South Australia's renewable generation is largely supported through gas fired generation which includes a number of recently installed gas fired fast start generators. Current bespoke services provided to shippers support these critical firming generators and provide industrial customers with additional flexibility to manage their operations.

Question 1

Epic is supportive of Option 1 in addressing the South Australian specific requirements in ensuring sufficient flexibility and the continued use of bespoke products. Providing the minimum and maximum prices in addition to the weighted average will provide shippers with an appropriate reference in their capacity discussions. Further publication of information with regard to specific bespoke terms and conditions is not expected to be helpful to shippers, and in fact will likely create

needless confusion for shippers, as one shipper will likely place a different value (or no value) on a specific bespoke service to another shipper as such services are usually negotiated to meet an individual shipper's specific operational requirements.

Question 2

Epic does not propose any further areas for review under Option 2.

Question 3

Epic notes that most shippers contracting bespoke services typically contract on longer terms for increased certainty. It may take some years before there are sufficient shippers seeking to recontract who could objectively participate in such a review. Accordingly, if Option 2 was implemented Epic would propose a period of at least 3 years before a review was conducted, to allow multiple shippers to assist in informing the review.

Question 4

Epic's preference is Option 1. This preference is primarily driven by the need to minimise the planned reviews in the future, which helps provide a greater level of certainty and the appropriate allocation of resources, in an already heavily reviewed regulatory environment.

Question 5

Epic is of the view that Part 23 disclosure requirements already provide shippers with sufficient information with regards to pricing and the terms and conditions available. Bespoke services are developed through discussions with individual shippers about their specific operating requirements. Accordingly, one shipper's perceived value of a particular bespoke service is likely to be different to another shipper's perceived value of that same service.

Thank you again for the opportunity to provide our comments as part of the consultation process. Should you require any further information or wish to discuss our responses, please do not hesitate to contact me on [REDACTED].

Yours sincerely



Reynard Smith
General Manager, Commercial & Regulation