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### **Response to Infrastructure Australia Discussion Paper on *Australia's Future Infrastructure Requirements***

The Energy Networks Association (ENA) wishes to provide comments on the Infrastructure Australia Discussion Paper on *Australia's Future Infrastructure Requirements*.

ENA is the peak national body for Australia's energy networks. ENA represents gas distribution and electricity network businesses on economic, technical and safety regulation and national energy policy issues.

Energy network businesses deliver electricity and gas to over 13 million customer connections across Australia through approximately 800,000 kilometres of electricity distribution lines. There are also 76,000 kilometres of gas distribution pipelines. These distribution networks are valued at more than \$40 billion and each year energy network businesses undertake investment of more than \$5 billion in distribution network operation, reinforcement, expansions and greenfields extensions. Electricity transmission network owners operate over 42,000 km of high voltage transmission lines, with a value of \$10 billion and undertake \$1.2 billion in investment each year.

ENA notes that the Infrastructure Australia Discussion Paper has recognised that energy networks are physical infrastructure of national significance and provide 'the platform for future growth and prosperity'.

#### **Infrastructure and Competition Policy**

Australia has pursued a relatively ambitious series of reforms to infrastructure over the past fifteen years, with much progress made since the introduction of the Hilmer competition policy reforms during the 1990s.

One of the key components of national competition policy was the creation of the National Electricity Market (NEM). The NEM has been in place since 1998 and is operated by the National Electricity Market Management Company.

In April 2007, the Council of Australian Governments' (COAG) announced its intention to establish a new national Australian Energy Market Operator by July 2009, for both electricity and gas, to strengthen the national character of energy market governance.

To assess the Infrastructure Australia Discussion Paper on *Australia's Future Infrastructure Requirements* and the impact of energy market frameworks, ENA commissioned a paper from Concept Economics on *Opportunities for Infrastructure Regulation reform - Access and pricing issues*. This report focuses on material ways to build on progress to date and broadly advance infrastructure reform. (Attachment).

## **Construction of Energy Infrastructure**

Market participants are increasingly building infrastructure in more than one jurisdiction for the purposes of providing energy to the national market. This means that jurisdictional agencies, with different cultures and operating under different statutory provisions, may make nationally inconsistent decisions on construction of energy infrastructure.

One of the reports that established the structure of the national energy regulatory framework was the 2002 report *Towards a Truly National and Efficient Energy Market*, otherwise known as the 'Parer Report'.<sup>1</sup> The Parer Report noted that a multiplicity of regulators creates a barrier to competitive interstate trade and adds costs to the energy sector.

Under a heading *Cooperative approaches are not an alternative to a national regulator*, the Parer Report said:

Cooperative approaches, under which existing regulators work together to achieve consistency in regulation and avoidance of duplication would not achieve a satisfactory outcome.....The Panel's assessment however is that such cooperative approaches are a suboptimal solution. It is in effect a status quo solution, with no drivers for national solutions. As Delta Electricity states:

'Although the various state and federal regulators meet at regulators forums to share views, this does not ensure a consistent national approach to the regulation of the network businesses in the NEM.'

**There is little evidence that work on the harmonisation of regulatory requirements would progress as expeditiously as if under the leadership of one agency. Differences, or perceived differences in the actual application of any 'template' arrangements would remain and there would be no clear way forward for rectifying that concern.** [emphasis added]<sup>2</sup>

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<sup>1</sup> COAG Energy Market Review Final Report, *Towards a Truly National and Efficient Energy Market*, 2002, pp 74-75.

<sup>2</sup> *ibid* p.85.

In this circumstance, it is a natural progression that where an entity such as Infrastructure Australia determines an infrastructure project to be one of national significance, a single agency should be responsible for conducting the approval process, including environmental assessments, against a single set of criteria in force throughout Australia.

A statutory structure along the lines of Part 3A of the New South Wales *Environmental Planning and Assessment Act 1979* could act as a possible model.

ENA also notes that *Development Assessment* is a key issue for the COAG Business Regulation and Competition Working Group.

COAG has endorsed the report prepared by the Australian Local Government and Planning Ministers' Council on streamlining development assessment processes through, for example, increasing the use of 'complying' development to speed up approvals, reforming intergovernmental referral processes and encouraging greater use of electronic processing. ENA is of the view that such an approach should also be adopted for construction of energy infrastructure, both intra and inter jurisdiction.

### **Climate Change – Impact on Energy Network Infrastructure**

ENA has commissioned a comprehensive report on how network infrastructure will need to adapt to the expected climate and policy induced changes. The report will identify options for adaptation, and their associated costs and benefits, as well as policy delivery options.

ENA proposes to submit this report as a late submission to Infrastructure Australia.

Should your office wish to discuss this submission further, please contact Michael Kilgariff of ENA on (02) 6272 1555 or [mkilgariff@ena.asn.au](mailto:mkilgariff@ena.asn.au).

Yours sincerely



Andrew Blyth  
**Chief Executive**

**Attachment:** Concept Economics Report for the Energy Networks Association on *Opportunities for Infrastructure Regulation reform - Access and pricing issues.*