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# ACCC tips gas pipeline regulation

Other owners include Jemena and QIC. "This is a market where market power can be exercised and where the potential impact of monopoly pricing can be significant," Mr Sims says, pointing out that less than 20 per cent of pipelines in the east coast are subject to any economic regulation.

"It is becoming increasingly apparent that the threat of regulation under the National Gas Law is not acting as an effective deterrent to monopoly pricing and other exercises of market power."

Mr Sims declined to comment further on recommendations the inquiry report may make, but said there was no blame to be placed on APA or its peers as they were doing what anyone would.

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Three companies dominate transportation in east coast gas.

PHOTO: ERIN JONASSON

"There's no hint of criticism of APA here, there is criticism of the regulatory framework," he said.

The inadequate local pipeline regulatory system was also attacked at the conference in Tuesday by NEBA Economic Consulting senior vice president Jeff Makhholm, who partly blamed Aus-

tralia's opaque transportation market for the sector's woes.

Mr Makhholm pointed to several "forks in the road" that created the problem, including the Moomba-Sydney pipeline privatisation in 1994, where he said the government "traded cash for competitiveness".

The 2001 decision not to subject the Eastern Gas Pipeline to regulation was another "mistake", according to Mr Makhholm, who also criticised the imposition of full retail competition in gas for destroying the potential for powerful gas buyers and adding costs with no gain for customers.

Mr Sims will say that the test for whether a pipeline should be regulated should look at the level of competition for the pipeline itself rather than only the effect on competition in markets upstream and downstream of the asset. He also points to the need for more sources of gas supply for south-east Australia to cap gas price increases.

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