



## **DRAFT DECISION**

### **National Gas Law: Annual Compliance Process**

After considering submissions on the proposal to make an Annual Compliance Order, the AER has made a draft decision to make an Annual Compliance Order. (a general regulatory information order under s. 48(1) of the National Gas Law (NGL)). The purpose of this order is to obtain information and documentation from service providers of covered transmission or distribution pipelines to ascertain compliance with their general and specific duties.

#### **Context**

The NGL contemplates that regulatory information instruments including orders and notices under s. 48(1) may be used to obtain information to enable the AER to verify whether service providers are complying with their general duties and specific requirements under Chapter 4 of the NGL (s. 54(c)).

The Annual Compliance Order is to be made to obtain information to enable the AER to verify whether service providers are complying with amongst other things their general duties and specific requirements under Chapter 4 of the NGL.

As outlined in the Draft Annual Compliance Guideline the use of a general regulatory information order allows information to be collected on a consistent basis across scheme service providers at the same time. This order supports the annual compliance process to establish a consistent framework for all service providers to report their compliance with these obligations.

#### **Background**

On 16 July 2008 the AER released a Draft Annual Compliance Guideline including a preliminary information order (in an attachment) and a discussion paper relevant for its proposed annual compliance process. The consultation period for the Draft Annual Compliance Guideline closed on 15 August 2008.

On 18 August 2008, the AER then released a proposal to make a general regulatory information order under s. 48(1) of the NGL to obtain information and documentation from service providers of covered transmission or distribution pipelines to ascertain compliance with their general and specific duties. The consultation period for the proposal for an annual compliance order closed at 9.00 am A.E.S.T. 9 September 2008.

Submissions for both processes were considered for modifications to the proposal which should be incorporated in the Annual Compliance Order.

## **Modified proposal for the Annual Compliance Order**

The changes to the proposed order reflect outcomes from the consultation process on the Annual Compliance Guideline and the proposal to make a regulatory information order. The modifications to the proposal are incorporated in the Annual Compliance Order.

Attachment One titled Summary table of submissions and responses outlines the submissions received and provides the AER's response and reasoning to support the modifications to the proposal.

Attachment Two titled Annual Compliance Order incorporates the modifications to the proposal in track-changes for ease of reference. The Annual Compliance Order is the order the AER intends to make to obtain information and documentation from service providers of covered transmission or distribution pipelines to ascertain compliance with their general and specific duties.

The modifications made to the proposal which are incorporated in the Annual Compliance Order include:

### **Order:**

- A change to the reporting deadline to 31 October each year
- A correction of referencing in clause 6 of the order to refer to clause 5 rather than clause 4 and minor wording changes

### **Attachment 1 of the order:**

- Minor changes to the information and format of the information requested about carrying on of a related business (Question 2.1)
- Minor changes to the information requested about marketing staff and the taking part in a related business (Question 2.2)
- Minor changes to the information requested about associate contracts (Question 2.5)
- Change to numbering of the information for Confidentiality from 3.2 to 3.3 (Question 3.3).