



**REVISED REGULATORY REPORTING GUIDELINE,
TASMANIAN GAS RETAIL CODE AND TASMANIAN
GAS DISTRIBUTION CODE**

Consultation Paper

October 2012

Printed October 2012

Office of the Tasmanian Economic Regulator

Street address: Level 5, 111 Macquarie Street, Hobart TAS 7000

Postal address: GPO Box 770, Hobart TAS 7001

Telephone: (03) 6233 6323

Fax: (03) 6233 5666

Email: office@economicregulator.tas.gov.au

Website: www.economicregulator.tas.gov.au

Copyright

© Office of the Tasmanian Economic Regulator

TABLE OF CONTENTS

- 1 PURPOSE OF THIS PAPER..... 1
- 2 INTRODUCTION..... 1
- 3 ISSUES..... 2
- 4 NEXT STEPS 2

1 PURPOSE OF THIS PAPER

This Consultation Paper is aimed at providing background information regarding proposed amendments to the Regulator's *Regulatory Reporting Guideline – July 2010*, the Tasmanian Gas Retail Code and the Tasmanian Gas Distribution Code. The paper outlines the key issues with the proposed amendments and invites submissions from interested parties.

2 INTRODUCTION

The general approach adopted in the licences of entities across the gas, electricity and water and sewerage sectors is to establish a framework which is supplemented by various management plans (for example, asset management, service, customer service, vegetation management) and compliance plans. These plans are developed by the relevant entities. This ensures that the Regulator does not intrude on the management of the businesses. At the same time, the licences provide a reporting framework allowing the Regulator to monitor performance of the businesses.

Regular independent reporting on an entity's compliance plan, management plans and performance information is undertaken in line with the Regulator's *Regulatory Reporting Guideline*. This Guideline specifies how the Regulator provides for regulatory reporting (which is also referred to as independent appraisal) by suitably qualified persons, the scope of the reporting and how the reporting is to be conducted.

Presently, a licensed entity's obligations regarding its submission of a compliance plan, management plans, and performance reports and the frequency of independent appraisals are provided for as conditions within the individual licences themselves or as requirements within the relevant industry Code.

In early 2012, the Regulator undertook an audit of where such obligations sit for current gas, electricity and water and sewerage licensees and the required frequency of independent reporting. This review highlighted inconsistencies across licensees and industry sectors with respect to the frequency of reviews and the obligatory or discretionary nature of such reporting.

In considering the outcomes of the review, the Regulator maintained that defined timelines for regulatory reporting provides licensees with surety for their resource and budgetary planning. However, the Regulator also recognised that requiring independent reviews too frequently may result in significant costs for a licensee with little to no regulatory benefit.

To this end, and noting the inconsistencies with current arrangements, the Regulator proposes to progress an amendment to the current *Regulatory Reporting Guideline – July 2010* to provide for independent appraisals across all industry sectors at least triennially or as the Regulator deems an appraisal necessary.

The review also identified an inconsistency in the frequency of reporting obligations within the Tasmanian Gas Retail and Gas Distribution Codes. Specifically, the Gas Retail Code provides that every second year (from 2004-05) an entity's annual return is to be accompanied by a reporters report, unless the Regulator advises that the report is required less frequently. The Distribution Code has the same biennial reporting requirement but does

not allow the Regulator any discretion to vary the frequency of reporting. The Regulator, therefore, proposes to amend the relevant clauses of the Codes, relating to the submission of regulatory reports, so that they reference the requirements of the *Regulatory Reporting Guideline*. In this way, the frequency of reporting obligations for all licensees across all industry sectors will become uniform.

The Regulator is seeking public comment on these proposed amendments and encourages submissions from interested parties and stakeholders.

Additional copies of this consultation paper are available on the Regulator's website at www.economicregulator.tas.gov.au.

3 ISSUES

An overview of the amendments to be progressed to the Guideline, Gas Retail Code and Gas Distribution Code are presented below in line with the heading and numbering structure of the Guideline and respective Codes. The amendments have been provided in marked-up format to illustrate the changes to be made, relative to the current versions.

Regulatory Reporting Guideline

2.4 Frequency of reporting

Frequency of reporting is ~~determined by licence and/or code obligations~~ to be at least triennially, or at the discretion of unless otherwise required by the Regulator.

Tasmanian Gas Retail Code

13.2 Additional Report

~~Every second year, to be counted from year [2004/05],~~ †The annual return is to be accompanied by a report prepared by a reporter, unless Regulator advises that the report is required less frequently in accordance with the 'frequency of reporting' provisions of the Regulator's Regulatory Reporting Guideline.

Tasmanian Gas Distribution Code

6.2 Additional report

~~Every second year, to be counted from the year 2004/05,~~ †The annual report is to be accompanied by a report prepared by a reporter in accordance with the 'frequency of reporting' provisions of the Regulator's Regulatory Reporting Guideline.

4 NEXT STEPS

The Regulator is seeking submissions from interested parties and stakeholders on the proposed amendments to the *Regulatory Reporting Guideline – July 2010*, the Tasmanian Gas Retail Code and the Tasmanian Gas Distribution Code. Submissions to this paper will be considered prior to the amendments being finalised and taking effect. Submissions should be received by close of business on 26 October 2012.

It is normal practice for all submissions to be published on the Regulator's website unless the author of the submission requests confidentiality in relation to the submission (or any part of the submission). Those parts of a submission that are requested to be kept confidential should be submitted as an attachment to that part suitable for publication.

The Regulator will not publish submissions which contain material that the Regulator believes is, or could be, derogatory or defamatory.

To facilitate the publication of submissions on the Regulator's website, submissions by email are preferred. Submissions and enquiries may be submitted to:

office@economicregulator.tas.gov.au

or to

Ray Chan, Assistant Director,

Office of the Tasmanian Economic Regulator,

GPO Box 770,

Hobart 7001

Telephone: 03 6233 6204

Facsimile: 03 6233 5666

A copy of this Consultation Paper is also available on the Regulator's website www.economicregulator.tas.gov.au.