

Gas pipeline monitoring and transparency

Report on the behaviour and compliance of gas pipeline service providers

March 2025

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Glossary

Term	Definition
ACO	Annual Compliance Orders
ACCC	Australian Competition & Consumer Commission
AER	Australian Energy Regulator
CPI	Consumer Price Index
Reforms	Gas pipeline regulatory framework introduced in March 2023
MDQ	Maximum daily quantity
NGL	National Gas Law
NGR	National Gas Rules
Service providers	Gas pipeline service providers
TJ	Terajoule
Report	Gas pipeline monitoring and transparency, report on the behaviour and compliance of pipeline service providers
WACC	Weighted average cost of capital

Methodology toolbox

The methodology toolbox below summarises key methodological approaches and considerations made in relation to our monitoring and reporting responsibilities presented in this report.

Aspect	Approach
Geographical scope	We have examined pipelines on the east coast of Australia, encompassing all states, except Western Australia, and also not including the Northern Territory and Australian Capital Territory.
Pipeline counts	The precise number of pipelines can vary slightly depending on whether certain connected segments and branches are counted separately or together. For the purposes of this report, we consider there are 90 transmission pipelines and 28 distribution pipelines, for a total of 118 pipelines.
Reporting periods	In this report, we have primarily considered the period between March 2023 and March 2025. The next report will cover the period from March 2025 to its publication date in 2026. For section 3.3, financial reporting commencing from the 2018–19 financial year or the 2019 calendar year was also used to provide a longer-term perspective.
Pipelines	All pipelines were asked to respond to voluntary information requests that were based on our Annual Compliance Orders (ACOs). However, some pipelines hold exemptions from publishing transparency information under Part 10 of the NGR.
Service providers	The AER monitors 72 service providers responsible for gas pipelines. We monitored all service providers through the voluntary information requests and other reporting obligations. We also monitored the 50 service providers via information they are required to publish; the remaining 22 are exempt from publishing transparency information.
Information access time	For the purposes of this report, service providers' actual prices payable information, examined in sections 3.1 and 3.2, were downloaded in October 2024.
Pipeline services	While we analysed all types of pipeline services offered, this report focuses on firm forward transportation services. These services are the most consistently significant across the pipelines in terms of quantity of gas contracted and derived revenue, and so provide the most useful basis on which pipelines can be compared.
Service provider financial reporting	Most service providers publish on a financial year basis and have a publishing deadline of December 2025 for financial information following the implementation of the new financial reporting template. However, some report on a calendar year basis and have a publishing deadline of June 2026 for reporting this information.
Transitional arrangements	Until reporting under the new framework has commenced, service providers are still required to report financial information under Part

Aspect	Approach
	7 and Part 23 of the old NGR. These disclosures have been used to supplement our analysis as we wait for the new Part 10 financial reporting regime to take effect.

1 Executive summary

Gas is a critical source of energy on Australia's east coast and will remain a key input in some industrial sectors for the foreseeable future. However, the southern states expect to experience gas supply shortfalls,¹ which means they will have higher demand than the supply available. This signals a growing reliance on gas supply from Queensland and heavier reliance on existing gas pipeline infrastructure to transport gas from the north to the south. As a result, the usage and costs of gas pipelines are expected to have greater influence on gas bills for consumers in the southern states.

Therefore, how pipeline capacity is sold, the behaviour of gas pipeline service providers and the quality of regulation applying to pipelines is crucial to ensure efficient pricing for consumers.

Gas pipeline regulations were reformed in March 2023.² These reforms were designed to address broad concerns of under-regulation and aimed to more effectively restrict the market power of service providers by building greater support for shippers negotiating access to pipelines.

The reforms require the Australian Energy Regulator (AER) to monitor and report on the behaviour of service providers with the aim to:

- promote transparency that helps shippers in their negotiations with service providers
- keep policymakers and the public informed about gas pipelines and the extent and impact of market power on the wholesale gas market
- support the AER's role in determining which form of regulation should apply to a gas pipeline.

The reforms require service providers to:

- publicly publish information on the prices charged
- publicly publish information on non-price terms and conditions
- publicly publish financial information for each pipeline
- report to the AER on the outcomes of their access negotiations
- report to the AER on the outcomes of their dealings with associates
- comply with ring-fencing and other requirements.

This report is part of the AER's new reporting responsibilities under the reforms. Transitional arrangements are ongoing for the implementation of the reforms. This means service providers are not required to publish all the information yet, so some information is currently unavailable. To address this, and ensure this report delivers market insights and provides a

¹ ACCC, [Gas inquiry December 2024 interim report](#), Australian Competition & Consumer Commission, 10 January 2025.

² The National Gas Law (NGL) and National Gas Rules (NGR) set out the regulatory framework for gas pipelines.

foundation for monitoring and future reports, we gathered additional information through voluntary information requests and consulted directly with shippers.

We have also focused on the behaviour and compliance of service providers according to the requirements set out by the reforms. We previously indicated plans for a program of self-initiated 'form of regulation' reviews, and we see our monitoring powers as critical to informing our power to initiate form of regulation reviews. This work will ensure the appropriate level of regulation is applied to promote access to the pipelines. The next report will be published in 2026 after the transitional arrangements are concluded and will draw on all information provided to us under the reforms.

Analysis for this report is based on:

- publicly available information from service providers under Part 10 of the NGR
- compliance data received through our voluntary information requests based on the previous Annual Compliance Orders (ACO) and the new 2024 ACO³
- insight obtained from consultation with a targeted group of shippers.

Most of the report focuses on several pipelines considered to have the potential to exercise market power and have significant impact on end consumers based on their size (capacity, length, asset base), geography and importance to the market flow of gas. We have not identified these pipelines nor any service providers in this report due to requirements under NGL section 63B(4)(b).

1.1 Key insights

Shippers indicated that the new information published under the reforms is useful; however, information asymmetries still exist. How the information is published limits accessibility, which makes it difficult for shippers to aggregate information and compare prices and non-price terms across services. As such, shippers found the information currently does not provide them with countervailing bargaining power, particularly in cases where service providers adopt a 'take it or leave it' approach.

Our new Pipeline information disclosure guideline, published in 2023, is intended to ensure consistency in the level and type of information published by service providers. Based on shipper feedback, we are considering implementing a standard template to help to improve consistency and accessibility of the information. We consider a standard template would:

- facilitate more effective monitoring
- simplify service providers' reporting obligations
- enable shippers to more easily assess standing prices, offers and terms and conditions.

Our analysis indicates service providers' compliance with established obligations that were only updated under the reforms was generally high. However, of the 72 service providers, it appears 11 potentially did not comply with new obligations introduced by the reforms, primarily publishing actual prices payable information. We consider these compliance issues were likely due to a lack of understanding of the new obligations, and we are satisfied that most service

³ The 2023 voluntary information request is based on the previous [ACO 2008](#) while the 2024 voluntary information request is based on the new [ACO 2024](#), which commenced on 1 July 2024.

providers have complied. We expect the AER's range of guidelines published in 2024 to help service providers better understand their obligations under the new regulatory framework, and also to improve compliance.

This report focuses on the implementation of the reforms to date. Our next report will provide a more complete analysis of the extent to which the reforms are delivering against their intended aims. The reforms' ability to effectively constrain the market power of pipeline service providers, facilitate better access, support commercial negotiations and streamline governance arrangements relies on the quality of information published by service providers. It is anticipated that this will improve when the reforms are fully implemented.

1.2 Summary of findings

This section outlines what we found in our assessment of the behaviour and compliance of service providers for each of the key areas we are required to monitor and report on under sections 63A(a)-(g) of the NGL.

1.2.1 Prices charged by service providers for pipeline services

The current lack of standardisation in how service providers publish prices charged results in complex and inconsistent information. This limits transparency and the assistance it provides to shippers in negotiations.

Analysis of the published standing price methodologies suggests several key factors are used to determine prices. These include links to initial investment (foundation contracts) or capacity expansion that is escalated by the consumer price index (CPI), a building block approach, competitive alternatives and links to previous regulated access arrangements.

Comparison of actual prices payable and standing price information indicates there are varying degrees of price negotiation across the selected pipelines. High-level observations show that prices below the standing price tend to be more prevalent on pipelines that are less contracted and face more competitive pressures.

Prices payable vary significantly depending on the goods and services. As such, underlying costs and other factors need to be considered to determine the extent to which negotiation is occurring. Differences in prices potentially reflect the level of maximum daily quantity (MDQ), length of the contract, receipt and delivery points and assets covered by the contract. However, it is challenging to ascertain how actual prices payable have been set due to the absence of contractual context and other non-price terms and conditions.

We consider compliance with requirements to publish the actual prices payable information as generally satisfactory. In 2025 we will ensure service providers publish pricing information for all non-exempt pipelines, which will help shippers make informed decisions when negotiating pipeline access.

1.2.2 Non-price terms and conditions for pipeline services

Shippers reported different experiences in their ability to negotiate non-price terms and conditions with service providers. We do not consider that publication of standing terms and conditions, as currently published, has provided significant value to shippers.

A clear limitation of the information is that it is not clear why services are reported as having standard or non-standard terms and conditions. We observed that services that reported to

have non-standard terms and conditions had substantially the same reported terms and conditions as the standard services. Although not readily apparent, deviations from the standing terms and conditions might be found in parts of the contract not required to be included in the public information. This limits the transparency for other shippers on what non-standard arrangements service providers might be willing to agree to.

1.2.3 Financial information reported by service providers

From December 2025, scheme and non-scheme pipelines are required to publish new financial information using a new template. This will deliver improvements in transparency and enable cost-based pricing benchmarks to be calculated using a building block approach.

Financial information currently available indicates:

- Pipelines are capital-intensive assets with large initial asset bases. These asset bases depreciate over the life span of the pipeline. A pipeline's primary capital cost is the pipeline itself, as opposed to other assets, such as compressors or easements. The incorporation of 'other non-depreciable pipeline assets', which may include intangible assets such as goodwill and which do not reflect the pipeline's debt and equity costs, have likely inflated asset bases and reduce the transparency of the Part 23 information.
- Pipelines tend to make most of their revenue from firm forward transportation services. As such, a pipeline's revenue is highly dependent on the demand for the pipeline services (how much capacity it can contract out) and the price set for those services.
- As pipelines are capital intensive, operational expenses tend to be relatively low and the largest expense a pipeline incurs is generally the depreciation of its asset base.
- Pipelines typically generate more revenue than is required to cover costs. A pipeline's profitability is measured via a calculation of return on assets, which is influenced by the pipeline's asset base, revenue and expenses.

We calculated a nominal benchmark weighted average cost of capital, which provides a measure of the level of profit we expect a pipeline to earn based on its risk profile, in order to compare it with the return on assets of the selected pipelines.

The return on assets for the selected pipelines assessed for this report were generally much higher than our benchmark weighted average cost of capital (WACC) over the reporting period.⁴ This may indicate they are more profitable than expected based on the underlying costs. However, a higher return on assets may also be due to other factors, such as temporary market conditions and/or efficient costs.

1.2.4 Outcomes of access negotiations

In the 2023 and 2024 voluntary information requests, service providers reported 11 instances across 7 pipelines that had access negotiations with prospective shippers seeking access to pipeline services. All 11 negotiations resulted in new access agreements. In the 2024 voluntary information request, service providers reported 8 pipelines entering new or varied access agreements.

⁴ The benchmark WACCs are based on the AER's 2022 Rate of Return Instrument, which the AER applies to scheme pipelines.

Three service providers self-reported that they potentially did not comply with their obligations under rules 39 and/or 105C of the NGR to develop and maintain an interconnection policy and user access guide. We consider that these non-compliance issues stem from a lack of understanding of the new obligations under the reforms. We anticipate this confusion will be rectified given the new AER Compliance Procedures and Guidelines were published in December 2024. The AER is assisting service providers to understand their new obligations and our expectations for best practice in the early stages of implementation of the reforms.

1.2.5 Service providers' dealings with associates

Information received in response to the 2023 and 2024 voluntary information requests covered all associate contracts entered or varied that we were notified of since the reforms. These notifications were primarily for variations of associate contracts. Based on those contracts notified, we did not have any compliance concerns.

1.2.6 Ring-fencing requirements

Responses to the 2023 and 2024 voluntary information requests indicated service providers had complied with all ring-fencing requirements, except for one instance of self-reported non-compliance. This reflects improving awareness among service providers of their requirements.

1.2.7 Other requirements of the NGL and NGR

At the time of publishing this report, there are a significant number of obligations on service providers under the NGL and NGR, including compliance audits, compliance with regulatory determinations, supply of information and maintenance of confidentiality. Based on information from one form of regulation review and the voluntary information requests, we are satisfied that service providers have complied with these requirements.

2 Background

Natural gas is an essential energy source on the Australia's east coast and will remain a vital component in various industrial sectors for the foreseeable future. Nevertheless, the southern states are anticipated to face shortfalls in gas supply, with a projected deficit of approximately 16 petajoules (PJ) in 2025, representing roughly 9% of forecasted demand.⁵ This signals a growing reliance on gas supply from Queensland and the requirement for new sources of gas, including potentially from the Northern Territory, to meet the east coast domestic gas needs. This consequently indicates a greater dependence on existing gas pipeline infrastructure, as well as the need for investment in new infrastructure to transport gas from the north to the south.

As a result, the usage and costs of gas pipelines are expected to have greater influence on gas bills for consumers in the southern states. How pipeline capacity is sold and the behaviour of pipeline service providers, as well as the quality of regulation that applies to them, is crucial.

In March 2023 reforms to the National Gas Law (NGL) and National Gas Rules (NGR)⁶ commenced to improve and simplify the gas pipeline regulatory framework. As part of these new arrangements, the AER is required to monitor the behaviour of service providers and report to the Ministerial Council on Energy (currently the Energy and Climate Change Ministerial Council) on its monitoring efforts 'at least every 2 years'.⁷ The AER must also publish, on its website, a public version of this report provided to the Energy and Climate Change Ministerial Council.

The implementation of these responsibilities aligns with one of the AER's primary objectives to deliver efficient regulation of monopoly electricity and gas infrastructure while incentivising networks to become platforms for energy services.⁸

This Gas pipeline monitoring and transparency report is a foundational report for the AER's new reporting responsibilities under the reforms. This report discusses our monitoring of information disclosed by service providers on prices for pipeline services, their negotiations for access to pipelines and their compliance with various regulatory requirements.

The analysis provided in this report reflects that transitional arrangements are still in place until June 2026, which means service providers are not yet required to publish financial information. Given complete information is not available, this report focuses on the negotiation and compliance behaviour analysed from already published information under Part 10 of the NGR and provides some information from compliance data received through our voluntary information requests based on the previous ACO or 2024 ACO issued to service providers.

Where the new reporting framework is not in effect yet, we relied on data and information published under the previous framework to supplement our analysis. Additionally, a targeted

⁵ ACCC, [Gas inquiry December 2024 interim report](#), Australian Competition & Consumer Commission, 10 January 2025.

⁶ The NGL and NGR set out the regulatory framework for gas pipelines.

⁷ NGL, section 63B.

⁸ ACCC and AER, [ACCC and AER Corporate plan 2024–25](#), Australian Competition & Consumer Commission and Australian Energy Regulator, 30 August 2024.

group of shippers was consulted to gain insight into their experience using the published transparency information and their negotiations with service providers.

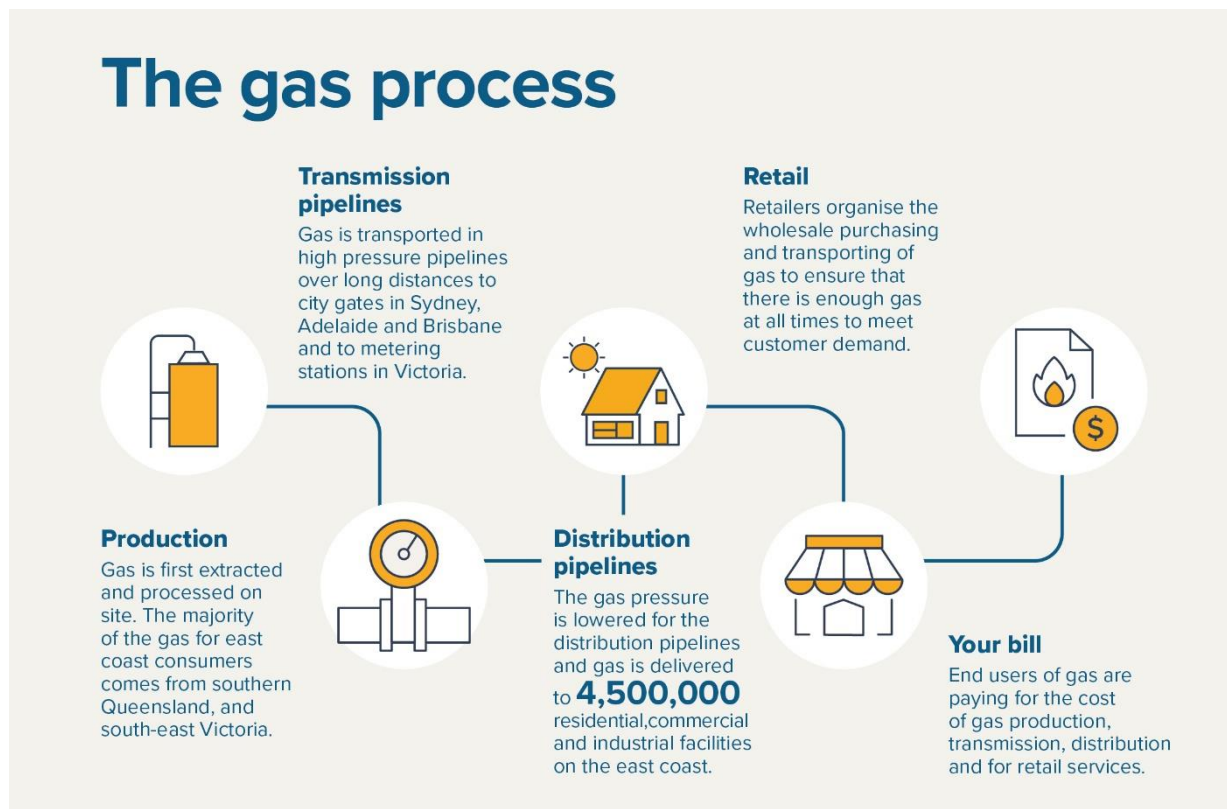
2.1 Gas pipeline infrastructure

Australia has a network of gas pipelines that includes both transmission and distribution lines. Together, these pipelines transport gas from producers to residential, commercial and industrial customers, as well as export terminals.

Transmission pipelines carry gas from production basins and other sources to major population centres, power stations and large industrial and commercial plants. Urban and regional distribution pipelines transport gas to customers in local communities.

Pipelines exhibit natural monopoly characteristics, which means that they may be able to exercise market power to the detriment of economic efficiency and consumer wellbeing. For this reason, all pipelines are subject to some level of regulation in Australia. Market power can be exercised in a number of different ways over both existing capacity (for example, by engaging in monopoly pricing, restricting or denying access or favouring affiliates in related markets) and new capacity (for example, by blocking competition from other potential pipelines). Irrespective of the form it takes, market power can be detrimental on the efficient operation of the market and result in higher prices for consumers.

Figure 2.1 The gas process



2.2 Regulation of gas pipelines

Reforms introduced in March 2023 aimed to deliver a more effective and streamlined regime and responded to concerns that the prior regime was resulting in under-regulation and not optimising the benefit of gas infrastructure and markets for end users.

The new reforms aimed to:

- implement stronger constraints on how service providers can exercise their market power
- facilitate better access to pipeline services
- enhance support for commercial negotiations between gas consumers and service providers
- streamline governance arrangements.

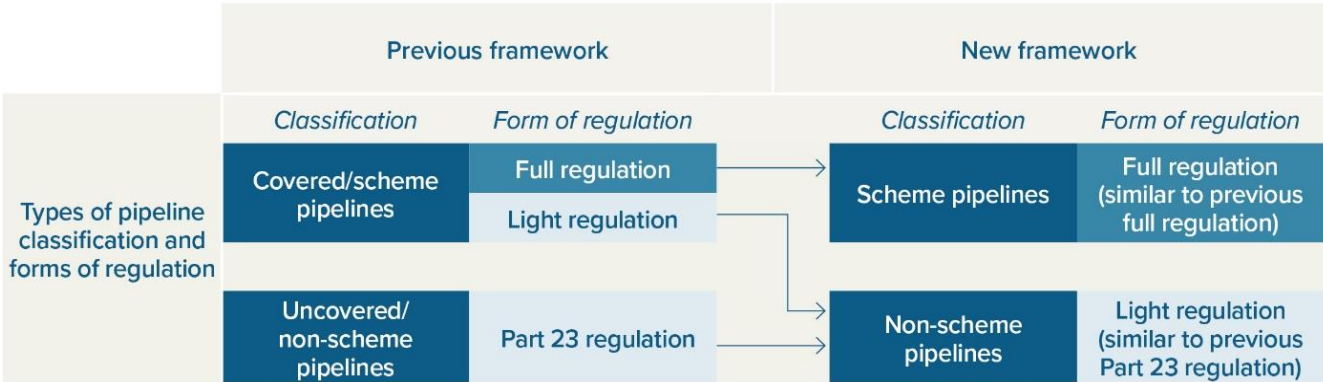
To achieve the aims, the reforms:⁹

- require all pipelines to provide third-party access to their services, publish the same information disclosure and access negotiation frameworks, and adhere to the same ring-fencing requirements (unless an exemption has been granted as discussed in section 2.2.1)
- require the AER to monitor and report on the behaviour of pipeline services providers
- transfer the ability to determine the form of regulation applied to a pipeline from the National Competition Council to the AER
- require the AER to decide which form of regulation should apply to a pipeline by using a regulatory determination test (which is outlined in section 2.2.3)
- grant the AER the power to self-initiate a form of regulation review.

2.2.1 Current regulatory framework

Following the reforms, pipelines are now categorised as either ‘scheme’ pipelines or ‘non-scheme’ pipelines. Under the previous framework, pipelines were regulated under 3 forms of regulation. The simplification of the regulatory framework following the reforms has been visualised in Figure 2.2.

Figure 2.2 Summary of changes to pipeline regulatory framework



In the new framework:

- **scheme pipelines** are subject to a stronger, more comprehensive form of regulation
- **non-scheme pipelines** are subject to a lighter form of regulation.

⁹ Further information about these gas pipeline reforms is available on the [Energy and Climate Change Ministerial Council website](#).

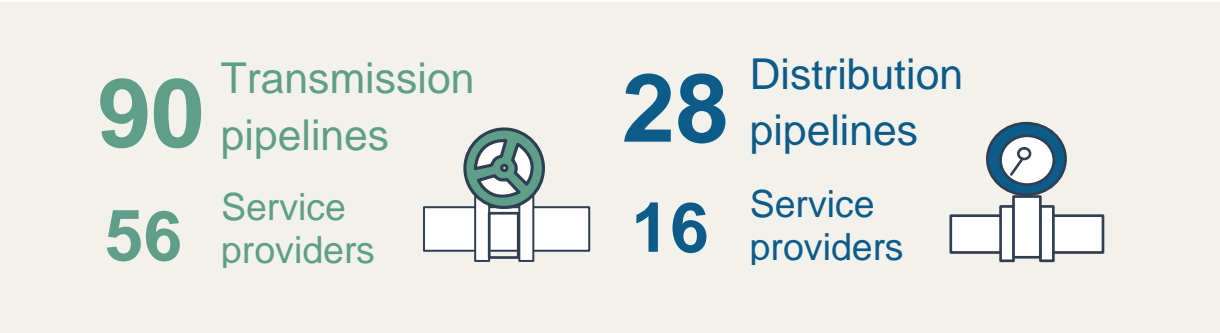
The reforms normalised many requirements between scheme and non-scheme pipelines. For example, all service providers are now required to allow third-party access to their services and are subject to the same access negotiation framework and ring-fencing requirements. They must also make information disclosures as stipulated by Part 10 of the NGR. This includes service providers for scheme pipelines that had not previously been required to do so.

Service providers may be granted a Part 10 exemption from some of the information transparency obligations. There are 2 types of exemptions:

- **Category 1** exemptions from information disclosure requirements are available to pipelines that are not providing third-party access.
- **Category 2** exemptions from financial, historical demand and cost allocation information disclosures are available to pipelines that are used only by a single shipper, or which have a nameplate capacity or typical maximum daily capacity of less than 10 TJ/day.

There are currently 10 scheme and 108 non-scheme pipelines listed in the Australian Energy Market Commission Pipeline Register that come under the purview of the AER.¹⁰ Most non-scheme pipelines have been granted a Part 10 exemption; only 22 transmission pipelines and 6 distribution pipelines are without a Part 10 exemption.

Figure 2.3 Summary of changes to pipeline regulation



2.2.2 Service providers’ obligations under the NGL and NGR

Service providers have several obligations under the NGL and NGR. These obligations include providing and maintaining access to pipeline services and preparing, publishing and maintaining prescribed transparency information (unless an exemption is granted by the AER as noted in section 2.2.1) and a user access guide (Table 2.1).¹¹

Table 2.1 Prescribed transparency information and user access guide

Rules	Obligation
NGR r 101	A service provider required by this division to prepare, publish and maintain information must do so in accordance with the access information standard.

¹⁰ The precise number of pipelines varies slightly from source to source because connected parts of the grid may be counted together or separately.
¹¹ Under the reforms, service providers were required to commence publishing service and access information, standing terms and actual prices payable information by 22 December 2023.

Rules	Obligation
NGR r 101A	Service providers must prepare, publish and maintain:
NGR r 101B	Service and access information
NGR r 101C	Standing terms
NGR r 101D	Financial information, historical demand information and cost allocation methodology ¹²
NGR r 101E	Actual prices payable information
NGR r 105B	All information provided or published by a service provider under this Part must comply with the access information standard.
NGR r 105C	A service provider for a pipeline must maintain and publish a user access guide for the pipeline.
NGR r 39	An interconnection policy must be published as part of a user access guide.

In addition to this public information, service providers are required to provide information to the AER directly through notification obligations and the ACOs (discussed in section 2.3.2). Further information on these obligations is provided in Appendix A.

2.2.3 Form of regulation reviews

Under the new reforms, the AER has the power to determine if a pipeline will be subject to scheme or non-scheme regulation by applying a ‘form of regulation’ test. The test may be applied if an application is made to the AER or if the AER self-initiates a review.

In general, new pipelines are classified as non-scheme unless a determination is made to categorise it as a scheme pipeline. Under the NGL, when considering whether to change the form of regulation of a pipeline, the AER must consider the effect that regulating the pipeline would have on:¹³

- the promotion of access to the pipeline services
- the costs likely to be incurred by an efficient service provider, efficient users or prospective users, and the likely costs to end users.

In considering this, the AER must have regard to the National Gas Objective and the form of regulation factors.¹⁴ The form of regulation factors guide the AER’s assessment of a service provider’s degree of market power.

The AER previously indicated plans for a program of self-initiated form of regulation reviews. We see our monitoring powers as a critical tool to inform our power to initiate form of regulation reviews to ensure that the appropriate level of regulation is applied to pipelines to promote access. Further data being made available for our monitoring and compliance

¹² Commencing in late 2025. Until then, transitional provisions require service providers to prepare, publish and maintain financial information under Parts 23 or Part 7 of the superseded NGR.

¹³ NGL, section 112.

¹⁴ NGL, section 112.

activities will help us to identify future pipelines for review with a particular emphasis on indicators of market power and access concerns.

Our [Pipeline regulatory determinations and elections guide](#) further sets out how we approach form of regulation reviews.

2.3 AER's monitoring and reporting role

The AER is tasked with monitoring and reporting on the behaviour of service providers and their adherence to regulatory obligations. The key areas we are required to monitor and report on are found under sections 63A(a)-(g) of the NGL and are the focus of this report:

- prices charged for pipeline services
- non-price terms and conditions for pipeline services
- financial information
- outcomes of access negotiations
- dealings with associates
- compliance with ring-fencing requirements
- compliance with other requirements of the NGL and NGR.

Prices, non-price terms and financial information are made publicly available by service providers under the new Part 10 transparency requirements. Access negotiations, dealings with associates and ring-fencing compliance are separately collected by the AER through an ACO.

The ACO has historically been used by the AER to monitor compliance of scheme pipelines, but the reforms have required new reporting obligations and significant changes in how pipeline services are defined, meaning more service providers now have reporting obligations.¹⁵ Appendix A outlines each obligation and how service providers submit the relevant information.

Further detail on the requirements for each area of regulation is provided in chapter 3.

¹⁵ In particular, the term 'covered pipeline' has been removed from the legislation, which means that non-scheme pipelines that were previously regulated under Part 23 of the NGR will now be subject to any new regulatory information order issued under the NGL.

Figure 2.4 Why we monitor and report on pipelines



2.3.1 Our monitoring program

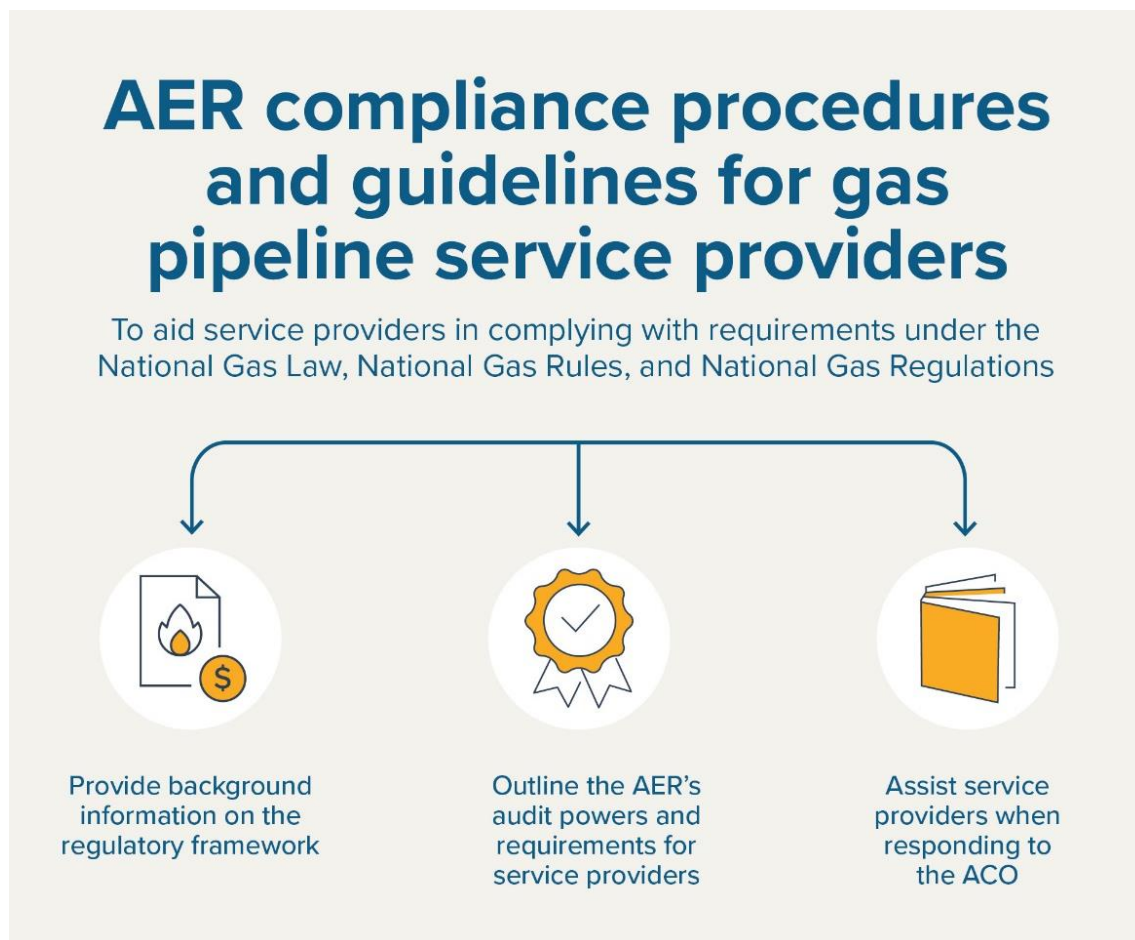
As discussed previously, under sections 63A(a)-(g) of the NGL, the AER is required to regularly and systematically monitor public information published by service providers under Part 10 of the NGR, along with the outcomes of access negotiations, dealings with associates, and compliance with ring-fencing and other requirements. We monitor these requirements and other obligations under the NGL and NGR through the ACO issued to service providers, having bilateral meetings with service providers and our form of regulation reviews. We have also continued to monitor the financial information reporting under Parts 7 and 23 of the NGR as the service providers are not required to publicly publish Part 10 requirements until December 2025.

We work collaboratively with service providers to assist them to comply with the information disclosure obligations. If we identify missing or non-compliant information, we contact the service provider in the first instance to rectify the issue. Service providers also proactively contact us in relation to reporting requirements. For example, a number of service providers have sought assistance interpreting the prescribed transparency information rules for pipelines that operate under unique circumstances.

Future monitoring will give an additional focus on obligations that have the greatest impact on consumers – for example, non-compliant financial information or issues with the prescribed transparency information for larger pipelines with multiple users.

As part of the reforms, the AER was required to publish the [AER Compliance Procedures and Guidelines for gas pipeline service providers](#) to support the new monitoring and reporting obligations.

Figure 2.5 Compliance procedures and guidelines for gas pipeline service providers



When major reforms are introduced, we prioritise assisting the industry to understand their new obligations and our expectations for best practice in the early stages of implementation. The AER assesses non-compliance in accordance with our Compliance & Enforcement Policy, which sets out our key considerations for taking further action. We expect compliance systems of service providers to improve in future as service providers become more familiar with their obligations since the reforms.

2.3.2 Voluntary information requests

Following the commencement of the reforms, the previous ACO from 2008 no longer applied. Consequently, the AER published a new ACO and response template on 7 June 2024. Under the reforms, the scope for the new ACO was broadened to include non-scheme pipelines and expand reporting requirements. It came into effect on 1 July 2024 and first responses are due by 31 October 2025.

The new ACO covers 35 obligations on service providers under the NGL and NGR. These obligations include requirements to provide access, queuing requirements, interconnection principles, prohibition on bundling services, prescribed transparency information, ring-fencing provisions, access negotiations and confidentiality. Appendix A provides more information on these obligations.

The scope has increased from 15 'covered' pipelines captured under the previous ACO to a total of 118 pipelines (10 scheme pipelines and 108 non-scheme pipelines) under the new

ACO. The total number of service providers subject to the order has increased also from 6 to 72.

As an interim measure while the new ACO was under review, we issued 2 voluntary information requests to obtain information for the period July 2022 to June 2024. The voluntary information requests achieved a response rate of around 50% from service providers that will be covered by the new ACO.

The responses to the voluntary information requests were generally satisfactory and we will work with a small number of service providers to improve their 'basis of preparations'. While we do not have a complete dataset, including for the 1 July 2024 to 2 March 2025 period,¹⁶ the information received provides a representative sample of compliance rates and areas of focus ahead of the first complete reporting under the new ACO for the 2024–25 financial year, due 31 October 2025.

- The first voluntary information request was due in October 2023 and covered data from 1 July 2022 to 30 June 2023. The voluntary information request was based on the previous ACO and achieved a response rate of 59% (19 out of 32) among service providers. This includes 70% of non-scheme pipelines (76 out of 108).
- The second voluntary information request was due in October 2024 and covered data from 1 July 2023 to 30 June 2024. The voluntary information request was based on the new ACO, which was published on 7 June 2024. It had a response rate of 55% (18 out of 33) by service providers. This includes 63% of non-scheme pipelines (68 out of 108).

The reporting period 1 July 2024 to 30 June 2025 will be covered under the new ACO. We expect direct feedback and the AER Compliance Procedures and Guidelines for gas pipelines will aid service providers in responding to the new ACO.

2.4 Approach for this report

Analysis in this report focuses on information submitted to the AER since the new monitoring measures came into effect, supplemented by consultation with a targeted group of shippers. A comparison of prices against financial information will be included in future reports as it becomes available.¹⁷

Sections 3.1, 3.2 and 3.3 of this report focus on the selected pipelines considered. Our selection of these pipelines reflects their significance in the market based on size (capacity, length, asset base), geography and importance to the market flow of gas.

2.4.1 Selection of pipelines for this report

In preparing this report, we elected to focus our published analysis on potential 'high-risk' pipelines that transport large volumes of gas along major interstate corridors. Risk was evaluated by considering each pipeline's potential to exercise market power, which could greatly impact prices for end consumers. The selected pipelines have significant economic

¹⁶ The 1 July 2024 to 2 March 2025 period will be covered by the new ACO.

¹⁷ Under the transitional arrangements set out in Schedule 6 of the NGR, service providers are required to publish the new financial information by December 2025 and June 2026 for financial year and calendar year reporting, respectively. Most service providers report on a financial year basis.

value, significant impact on residential and industrial consumers and cumulatively provide the vast majority of transmission pipeline services to transport gas across the east coast gas grid.

The selected pipelines focused on in this report generally generated the highest revenues of the east coast transmission pipelines.¹⁸ The selected pipelines also have high numbers of shippers, which greatly contributes to the large effect seen on the gas market. They also have significant asset bases and length, which may present a high barrier to entry for possible competition.

Given the characteristics of the selected pipelines, there is a high risk that the service providers for these pipelines could exercise significant market power through either:

- engaging in monopoly pricing or providing discriminatory terms of access to favour certain affiliated customers (practices referred to as ‘static market power’)
- hindering competition by limiting interconnections or pricing new capacity below the incremental cost of developing it (practices referred to as ‘dynamic market power’).

Such market power risks would also be considered by the AER under a form of regulation review to ensure support is provided to shippers in pipeline negotiations and to inform the public of the impact of market power on those services.

For this report, we chose to focus on non-scheme transmission pipelines for ease of comparison. We considered that scheme pipelines are already closely monitored by the AER and distribution pipelines had a higher rate of non-compliance in publishing the information under the reforms, which would have limited the quality of our analysis for this report.

Most other service providers have Category 1 or Category 2 exemptions from Part 10 of the NGR for some or all their pipelines. For this reason, they were not required to disclose all the information that this report uses as the basis for its analysis. These exempt pipelines may pose a lower risk of exercising market power.

2.4.2 Consultation with shippers

We have supplemented our monitoring and analysis through engagement with a targeted group of 8 shippers.¹⁹ These shippers are likely to be negotiating or contracting on key high-volume pipelines.

The consultation was intended to provide an understanding of shippers’ experience using the published transparency information and negotiations with service providers.

2.4.3 Information

As outlined in chapter 2, analysis in this report is based on the negotiation and compliance behaviour published under Part 10 of the NGR and information from compliance data received through our voluntary information requests.

For areas where the new reporting framework has not yet taken effect, information published under the previous framework has been used to supplement our analysis.

¹⁸ Further analysis of pipeline revenue is outlined in section 3.3.

¹⁹ Shippers are gas customers that purchase capacity on a pipeline to deliver gas. This is equivalent to ‘user’ referred to in the NGL.

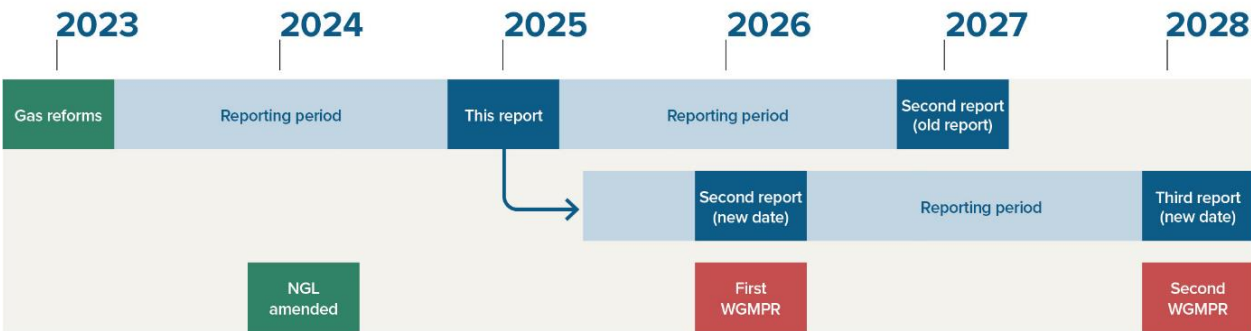
Appendix A provides full details of the data and information used for this report.

2.5 Our reporting timelines

For the next report, we will align our analysis to complement our new gas wholesale market monitoring powers. These powers include pipelines and also gas supply contracts, markets and storage services.²⁰ The first wholesale gas markets performance report is due for publication in 2026.

This report was originally intended to cover a 2-year period (2 March 2023 to 2 March 2025), with the following report due by 2 March 2027. However, given the foundational scope of this report, publication of the second report will be moved forward to the second half of 2026 (earlier than the minimum 2-year reporting time frame of March 2027).

Figure 2.6 Reporting timelines



As noted in Figure 2.6, the second report will cover the period March 2025 to the publication date in 2026. Where necessary it will also include analysis for the period of the first report (March 2023 to March 2025).

²⁰ The *Statutes Amendment (National Energy Laws) (Wholesale Market Monitoring) Act 2024* came into effect on 8 May 2024 and amended both the National Electricity Law and National Gas Law, including their Regulations and Rules. This Act expanded the scope of the AER’s wholesale market monitoring and reporting functions for the wholesale electricity and gas markets, including contracts markets.

3 Behaviour and compliance of service providers

This chapter outlines each of the specific obligations on service providers under the NGL and NGR and findings from our monitoring and compliance activities in relation to:

- prices charged for pipeline services
- non-price terms and conditions
- financial information reported by service providers
- outcomes of access negotiations
- service providers' dealings with associates
- service providers' compliance with ring-fencing requirements
- the compliance of service providers with the other requirements of the NGL and NGR.

Where possible, each section below provides a summary of the information, stakeholder experiences and our monitoring of service providers' compliance with the obligations.

3.1 Prices charged by service providers for pipeline services

Service providers must publicly publish standing prices for each service offered, along with the actual prices payable by shippers.²¹ Price transparency is intended to improve the efficiency of the market, mitigate market power and reduce prices for consumers by:

- providing shippers the necessary information to make informed commercial decisions and assess the reasonableness of offers
- reducing information asymmetry and providing accessible and reliable information for shippers to negotiate effectively
- enabling the AER to better monitor the behaviour of service providers and inform on any concerns identified with pricing levels.

The reforms included improved transparency measures to further support the availability and accessibility of pricing information. Key changes included requiring service providers to:

- publish actual prices payable information by individual prices charged for services within 20 business days of contracts commencing or changing (rather than publishing a weighted average price once per year)
- include the inputs used to calculate standing prices.

For this report, we have summarised pricing information based on standing prices and actual prices payable reported by the selected pipelines. Supporting this, we consulted with shippers to better understand how this new transparency information assists them in their negotiations.

²¹ NGR, Part 10, Division 2, Rule 101A.

The publication of standing prices and actual prices payable information alongside financial information helps us to recognise whether prices being offered or charged to shippers reflect the underlying costs faced by service providers. From this analysis we have made a preliminary assessment of the likely factors impacting prices and the effectiveness of the new transparency measures in improving negotiation for shippers.

3.1.1 Service providers' obligations

Section 136C of the NGL obligates service providers to report standing prices and actual prices payable under Part 10 of the NGR. Standing prices and actual prices payable must be published on a website or in a document in accordance with the [AER Pipeline information disclosure guidelines](#). Actual prices payable information is drawn from service providers' contracts with shippers and includes prices and some non-price terms (discussed in section 3.2). Broadly speaking, the price information covers the actual prices payable, the price structure and escalation methodology.

3.1.2 Summary of information

Information from shippers

In general, shippers indicated they found the new transparency measures limited in their usefulness. Most noted that the actual prices payable information was relatively easy to find on service providers' websites. Some shippers also suggested the information supported negotiations with service providers, allowing for well-informed decisions. However, several smaller shippers indicated they were unaware that service providers were required to publish the actual prices payable information. Other shippers mentioned that there are still problems with how well the transparency measures support negotiations with service providers.

Issues and comments raised by shippers in our consultations included:

- **Information asymmetries.** Two shippers noted they used the actual prices payable or gas bulletin board information to assess forward available capacity. However, service providers would indicate they are in negotiations with other shippers for forward capacity that was essentially locked up and not yet reported, and that pipeline capacity was scarce.
- **Limited assistance with negotiation.** A number of shippers, particularly smaller participants, noted prices are generally set at the standing price on a 'take it or leave it' basis, with the availability of lower prices mostly linked to the agreement of long-term transport positions.

Shippers raised a number of concerns with the actual prices payable information:

- **Inconsistent template:** Shippers noted that the lack of a standard reporting template meant that each service provider reported the information differently (whereas compression and storage facilities must use an AER template).²² As a result, one shipper noted that service providers are not required to be specific on what services are bundled together in a single contract and what services are standalone. This leads to inconsistencies, such as some service providers reporting a contract ID that includes multiple delivery points while others report a unique ID for each delivery point for what

²² AER, [Actual Prices Payable Template for Part 18A service providers](#), Australian Energy Regulator, 2023.

appears to be the same contract. This means shippers may not be able to clearly identify and compare offers provided to other shippers.

- **Lack of contractual context:** One shipper noted it can be difficult to understand the context around particular contracts and whether they were foundational or 'legacy'. This is important information to assist understanding why another shipper might be receiving a lower price.
- **Confidentiality concerns:** Some shippers noted that the disaggregated nature of the actual prices payable information may be leading to some confidentiality concerns. It was commented that shippers may be able to determine their own position or another shipper's position using the terms and delivery points in a contract. More generally, it was observed that identifying delivery locations may not be a fair process. This is because the data identifies shippers contracting bespoke routes easier than shippers contracting multiple delivery points.

Our own analysis was also constrained by the complexity and inconsistency in the data reported. While variation in pipeline services is to be expected, there may be instances where consistency is possible and would help shippers interpret the data and make meaningful comparisons with contracts held by other shippers. We consider that service providers will also benefit from greater consistency to understand their reporting obligations. We are considering opportunities to improve the balance between detail and consistency in the guidelines and templating provided to service providers for the actual prices payable information.

Key findings in relation to prices charged by service providers

For the selected pipelines, comparison of standing prices against the actual prices payable by a shipper indicates how a pipeline prices its services and what factors may contribute to the level of pricing. It may also indicate whether there is effective negotiation and the existence of other constraints on service providers to impose monopoly pricing. Higher levels of variation between standing prices and actual prices payable may indicate whether shippers have been able to negotiate better offers or more flexible and bespoke arrangements to suit their needs.

The methodologies on standing prices published by service providers suggest several factors determine standing prices:

- **Link to initial investment (foundation contracts) or capacity expansion and then escalated by CPI.** Foundation contracts are generally established through a tender process for the development of a new pipeline.
- **Building block approach.** Some service providers may set standing prices based on calculated yearly revenue requirements. This approach is similar to our own methodology for determining revenue requirements for scheme pipelines, but calculations may differ substantially depending on the inputs used.
- **Reflection of competitive alternatives.** Some service providers suggested standing prices are determined by considering competitive alternatives for the service – that is, the going 'market rate' that shippers can expect to receive elsewhere. Many service providers will include this, alongside other factors, in their explanation.
- **Link to previous regulated access arrangements.** If a pipeline was previously a fully regulated scheme pipeline, standing prices may be based on the access terms previously approved by the AER.

We have analysed the actual prices payable information by looking at prices for firm forward pipeline services, because this is the main service by the MDQ and revenue for most of the selected pipelines, as discussed in section 3.3. Comparison of actual prices payable and standing price information suggests varying degrees of price negotiation across the selected pipelines.

High-level observations across the selected pipelines indicate prices below the standing price tend to be more prevalent on pipelines that are less contracted and face more competitive pressures. It appears that instances where shippers primarily paid standing prices showed lower levels of negotiation, given the relevant pipeline's high congestion levels and few alternatives to their use. Pipelines with declining contracted demand tended to have greater variability in actual prices payable. However, it is difficult to fully assess the levels of negotiating power on any pipeline with the public information.

To determine if the actual prices payable reflect negotiation, our analysis has considered whether the variations in prices are likely to reflect reasonable factors in negotiation between service providers and shippers. The following factors were identified as potentially affecting differences in prices:

- **Level of MDQ of the contract.** Service providers may be willing to negotiate lower prices for contracts that lock shippers into larger contracts because it helps the service provider manage risk and lock in future revenue streams.
- **Length of the contract.** Longer contracts can also have lower prices because the service provider may offer a discount to lock in future demand.
- **Receipt and delivery points of the contract.** Contracts for transportation over longer distances or that include specific delivery points may have a higher price that could reflect higher costs and opportunity costs in providing the service, demand for transport between major supply hubs or demand for pipeline services with greater flexibility in where gas is transported to.
- **Assets covered by the contract.** Contracts that contain multiple pipelines typically have a discount because the service provider can lock in certain demand across multiple pipelines.

The variation observed across pipelines gives a preliminary indication of different levels of competition and negotiating power. Further analysis of factors driving these results is needed to understand whether there are issues that warrant further attention. The actual prices payable information also reveals significant variation depending on the services and products considered.

3.1.3 Summary of compliance for prices charged by service providers

We assessed service providers' compliance with their obligations under rules 101C and 101E of the NGR regarding standing prices and actual prices payable information. We identified that 11 out of 50 service providers were potentially non-compliant with the requirements to publish actual prices payable information. These service providers have not published the actual prices payable information on their websites for transmission pipelines or both the actual prices payable information and the standing price were not available for distribution pipelines.

Other issues identified in relation to the prices charged by service providers include the absence of information on standing price methodology and standing terms. Each of the selected pipelines were compliant with the obligations to publish the actual prices payable information.

Considering the reform requirements to publish the actual prices payable information were introduced recently, we are satisfied that the majority of service providers have complied with the requirements under rules 101C and 101E of the NGR at this time. A priority for us in 2025 is to monitor service providers' compliance with this rule. This will ensure service providers publish pricing information for all non-exempt pipelines, which will help shippers make informed decisions when negotiating pipeline access. We will provide an update on the level of compliance in the second report in 2026.

3.2 Non-price terms and conditions for pipeline services

We conducted analysis of the non-price terms and conditions included in service providers' public actual prices payable information for the selected pipelines. We also consulted shippers on how they evaluate non-price terms and conditions as not all contractual non-price terms and conditions are included in the actual prices payable information.

3.2.1 Service providers' obligations

In addition to prices, service providers are required to publish standing terms and actual non-price terms and conditions in the actual prices payable information. As with prices, transparency around these terms and conditions is intended to reduce information asymmetry between service providers and shippers. This may help shippers understand the market and negotiate reasonable and fair arrangements with service providers, reducing prices for consumers.

3.2.2 Summary of information

A number of shippers indicated that acquiring additional flexibility was a major goal of negotiations, with some expressing concern that service providers may be tightening terms over time or using the publication of standing terms and conditions as an excuse to reduce the flexibility offered in negotiations.

Experiences between shippers differed in terms of their ability to negotiate these issues. Most gas-powered generators reported positive experiences, feeling service providers negotiated with them in good faith and were willing to make some concessions. One highlighted the impact of the Day Ahead Auction in encouraging pipelines to be more flexible with other products. Conversely, an industrial shipper reported that service providers could at times place pressure on shippers to accept offers quickly, leveraging the risk of the shipper missing out due to limited pipeline capacity.

Standard and non-standard terms

In the actual prices payable information, service providers are required to indicate whether each service follows or is 'substantially the same as' the standing terms and conditions the service provider is required to publish.

Some shippers expressed clear concerns about the standard terms. Others indicated that the standing terms were not always relevant to their own negotiations because they preferred to

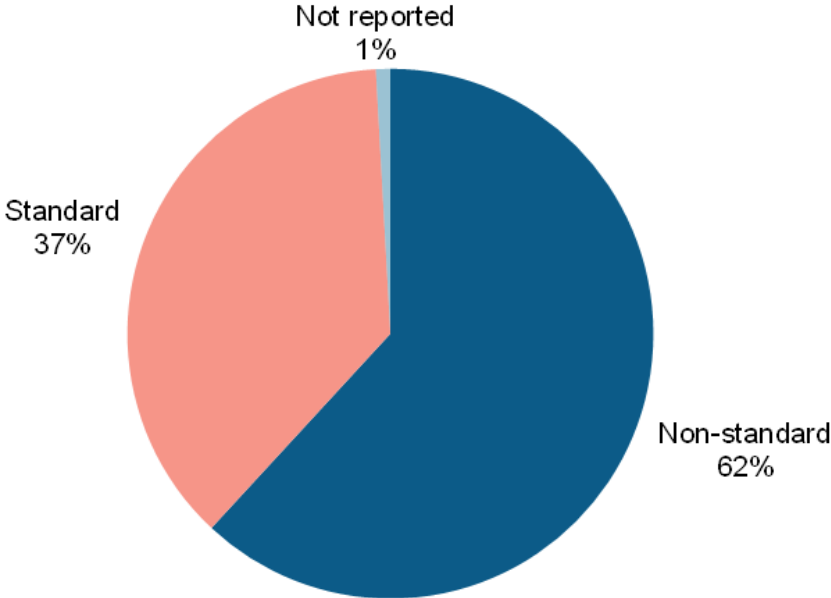
base their negotiating positions on their own past contracts. However, smaller shippers and newer entrants indicated that the published standing terms were either what they were given or the basis from which they negotiated, particularly in the absence of a past agreement with that service provider.

Possible reasons for services being offered on non-standard terms and conditions are:

- **contract length** – shippers that have had longer relationships with the service provider may anchor negotiations to past agreements rather than the published standing terms
- **negotiation power** – shippers may hold more negotiating power to acquire a more favourable deal than the standard terms and conditions
- **bespoke requirements** – the standing terms may not be entirely fit for purpose for all market participants, necessitating more bespoke arrangements
- **capacity** – pipelines that have lower contracted capacity may have more ability and financial incentive to agree to more flexible or customised arrangements
- **service provider interpretation** – service providers may have a different threshold for determining whether a contract has substantially the same non-price terms as the standing terms and conditions.

The actual prices payable information indicated significant variation between pipelines and service providers for the selected pipelines (Figure 3.1). However, ‘non-standing’ services did not appear to have significantly different terms compared with services with standing terms. There did appear to be some more bespoke services, which more clearly had non-standing terms on some pipelines. This possibly indicates shippers contracted with pipelines are granted more freedom to negotiate more flexible arrangements beyond the standing terms.

Figure 3.1 Adherence to standing terms for selected pipelines



Source: Actual prices payable information accessed October 2024.

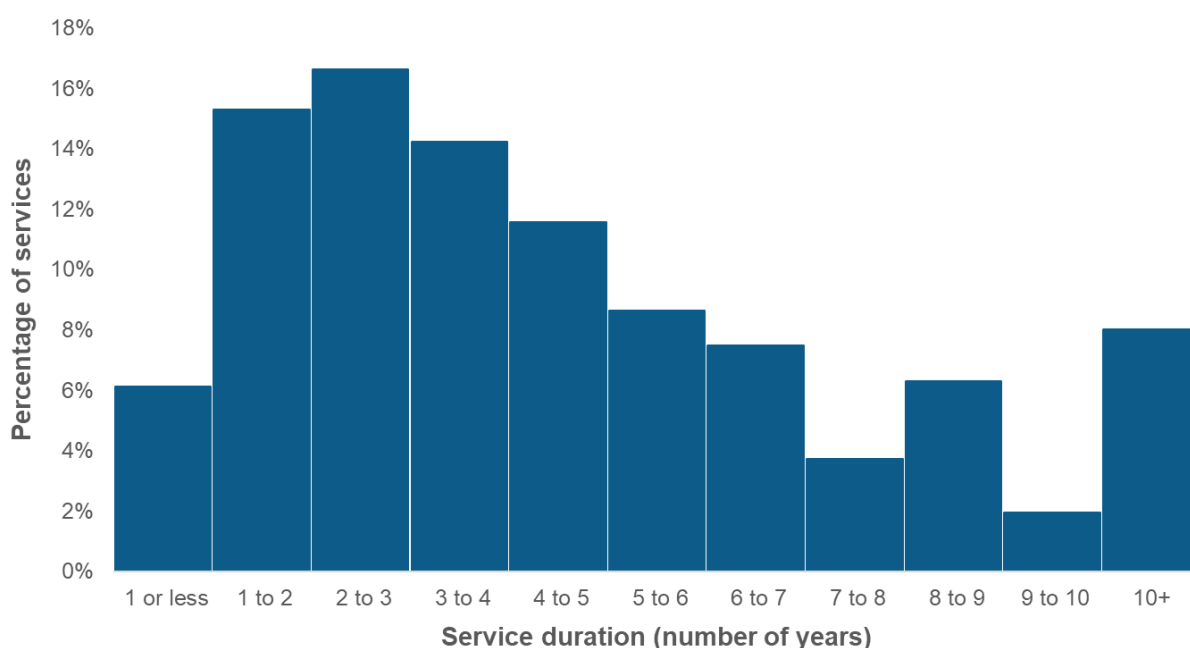
Service duration

Shippers may seek to negotiate on the duration of contracted services. Typically, service providers prefer longer-term contracts that provide a more reliable source of revenue and mitigate demand risks. However, shippers may prefer not to be 'locked' into a contract for an extended period if they are concerned their circumstances may change or because they anticipate being able to negotiate a more favourable deal in the future.

The main complaint expressed by a few smaller shippers during our consultation was in relation to service durations. These shippers expressed frustration that some service providers required or provided favourable terms for contracts with durations longer than they were comfortable with. One shipper remarked that rewarding longer-term contracts put new entrants at a 'competitive disadvantage' compared with more established participants in the market.

For the selected pipelines, the median contract duration was approximately 4 years – a figure in line with the ACCC's 2016 findings that typical domestic Gas Supply Agreement durations had shortened to 'no more than three to four years'.²³ The smaller proportion of shorter-term contracts (durations of 12 months or less), which comprise 6% of services on selected pipelines, potentially also reflects the smaller shippers' complaints about the lack of more favourable short-term duration options.

Figure 3.2 Contracted service duration on selected pipelines



Source: Actual prices payable information accessed October 2024.

Maximum daily quantity (MDQ)

Contracts stipulate an MDQ, which represents the maximum quantity of gas a shipper can transport. Closer to the date of transportation, shippers nominate the actual amount of gas that they intend to deliver or receipt from a pipeline at specified points. The remaining contracted but unutilised volume is made available at the Day Ahead Auction.

²³ ACCC, *Inquiry into the east coast gas market*, Australian Competition & Consumer Commission, section 4.2.1.

Shippers may not be able to perfectly predict their usage requirements – for instance, a shipper operating a power plant may overestimate or underestimate the gas required to meet demand on a particular day. To accommodate these cases, service providers may set allowances for the size of the overrun or imbalance shippers can incur before facing additional charges, which may be specified as a percentage of the contract’s MDQ or the shipper’s scheduled quantity, or simply as a particular amount of gas.

Overrun allowance

‘Overrun’ refers to situations where a shipper takes more gas from a pipeline than originally scheduled at a particular time. The majority of selected pipelines did not report providing overrun allowances in the actual prices payable information. It is unclear if this was due to those allowances not being provided or due to failure to comply properly with the reporting obligations.

Imbalance allowance

The term ‘imbalance’ refers to situations where a shipper either takes more gas from a pipeline than it delivers into the pipeline at a particular time or delivers more gas than it takes.

Imbalance allowances were comprehensively reported, and revealed significant variation not only between pipelines, but between different services on the same pipeline. This is because service providers differ in how they quantify imbalance allowances (absolute quantities or percentages), and some reported many different types of allowances. However, many of these variations appeared to be superficial differences in how categories were named in the data. We also observed some instances of asymmetrical imbalance allowances. On the selected pipelines, the most common provision was for there to be no imbalance allowance.

Receipt and delivery points

Shippers may seek flexibility in which receipt and delivery points they can use along a pipeline. This allows them to choose closer to the period of service how the amount of gas contracted to transport will be allocated between different receipt points (where they inject gas into the pipeline) and different delivery points (from where they will extract gas from the pipeline). This can also include the allocation of capacity between different pipelines managed by the same service provider where applicable.

3.2.3 Summary of compliance for non-price terms and conditions for pipeline services

As noted for service providers’ compliance with the requirement to publish prices, we identified 11 of the 50 service providers as potentially non-compliant with the requirements to publish actual prices payable information (which is the source for the public actual non-price terms and conditions). These service providers have not published the actual prices payable information for transmission pipelines or both the actual prices payable information and the standing price for distribution pipelines. A priority for us in 2025 is to monitor and ensure service providers’ compliance with this rule and we will provide an update on the level of compliance in the second report in 2026.

Additionally, while not a compliance issue, we have identified a transparency issue relating to the reporting of contracts and services as non-standard. It was typically not readily apparent from the actual prices payable disclosures where and how they differed from the standing terms. However, deviations from the standing terms and conditions might be found in parts of

the contract not required to be included in the disclosures, limiting transparency for other shippers on what non-standard arrangements service providers might be willing to agree to.

The lack of a standard AER template for actual prices payable information, as discussed in section 3.1, may also be contributing to the variation because different service providers report in different formats, making it difficult to compare or assess for compliance purposes. For example, it is not clear when a service, not including an overrun or imbalance allowance, is an instance of non-compliance or an indication that the shipper was unable to negotiate for one.

3.3 Financial information reported by service providers

Service providers are required to publicly publish financial information in accordance with the NGL, the NGR and the [Pipeline information disclosure guidelines](#). By providing insight into the cost structure of the pipelines, this public reporting is intended to provide transparency to balance information asymmetries between service providers and shippers. This may enable shippers to be more able to negotiate pricing for pipeline services, which would reduce prices for consumers.

Our monitoring of this financial information ensures that:

- service providers are meeting their obligations under the NGL and NGR
- reporting is transparent and accessible for shippers
- we can identify possible misuses of market power or anti-competitive behaviour that may warrant additional regulatory action.

3.3.1 Service providers' obligations in relation to financial information

As discussed in chapter 2, new financial information reporting under Part 10 of the NGR will be published from December 2025.²⁴ As such, our analysis focuses on financial information reported under Parts 7 and 23 of the old NGR,²⁵ which does not provide an indication of expected improvements to the financial reporting under the reforms.

Under the reforms, pipelines will be required to publish similar information to the Parts 7 and 23 financial reporting. However, it is expected that the transparency and accessibility of the financial reporting will be improved by the [new financial reporting template](#) and [Pipeline information disclosure guidelines](#). The new template and guidelines inform service providers of the requirements under Part 10 of the NGR. Some of the major changes include:

- A pricing template must be published with the financial reporting. This template will provide cost-based pricing benchmarks calculated from the pipeline's financial information using a building block approach.²⁶ This will provide a benchmark price for each service type offered by a pipeline, which is reflective of the pipeline's underlying costs. The benchmarks

²⁴ For pipelines that report on a financial year basis. Pipelines that report on a calendar year basis will publish by June 2026.

²⁵ Pipelines are required to report financial information under Parts 7 and 23 of the old NGR under the transitional arrangements set out in Schedule 6 of the NGR.

²⁶ Similar to the building block set out in Part 9 of the NGR for the revenue and pricing of scheme pipelines.

may be used in conjunction with the actual prices payable information, standing terms and service and access information to improve shippers' negotiations with service providers. The benchmarks may also highlight potential misuses of market power; for instance, monopoly pricing.

- All pipelines must use the same financial reporting template.²⁷ Non-scheme and light pipelines previously used different templates and scheme pipelines were previously not required to report information under the former prescribed transparency framework. The use of one template for all pipelines will simplify information for shippers and streamline the AER's monitoring.
- Pipelines will be required to publish historical demand and cost allocation methodologies. This will support more accurate cost-based price benchmarking.
- Weighted average price information is no longer part of the financial reporting – this has been replaced by the actual prices payable information under Part 10 as discussed in section 3.1.

In our second report to be published in 2026, we will provide an update on the monitoring of the new financial reporting and pricing template. This will include how service providers have adopted the new reporting requirements, stakeholders' use of the new financial information and pricing template and updated analysis.

3.3.2 Summary of information

Under Parts 7 and 23 of the NGR, service providers reported information on each pipeline's asset base, revenues and expenses using a standard AER template. For this report, we have made observations of trends and driving factors from the selected pipelines' financial information.

The analysis for each of the selected pipelines is outlined below.

Asset bases

Pipelines are capital-intensive assets, meaning that a large portion of a pipeline's cost is up-front capital investment. As such, we generally expect to see pipelines have a large initial asset base, which depreciates over the life span of the pipeline, with the addition of any capital expenditure. The asset bases of pipelines are primarily comprised of the cost of the pipeline itself, as opposed to other assets, such as compressors or easements.

For this report, we analysed the types of assets that comprised the overall asset base for the selected pipelines. Unexpectedly, we observed some pipelines reported asset bases comprised primarily of 'other non-depreciable pipeline assets', which may include intangible assets such as goodwill. Goodwill occurs when the purchase price for an asset exceeds its fair value. This may arise due to intangible factors such as brand reputation, which would not reflect the pipeline's debt and equity costs. As such, goodwill would not be included in the asset base for a pipeline under a cost-based approach as would be the case if a pipeline was subject to scheme regulation. The inclusion of goodwill suggests the asset bases reported under Part 23 are likely inflated compared with those reported under Part 7, as well as scheme pipeline asset bases. This reduces the transparency of the Part 23 information.

²⁷ Similar to Parts 7 and 23, service providers of small, single user or no third-party access pipelines may be eligible for an exemption from publishing financial information under Part 10 of the NGR.

From our analysis of how the asset bases changed over the reporting period, we observed service providers using the Part 23 reporting template to introduce major changes to pipelines' asset bases, outside of the expected behaviour. This likely reduces the transparency of the financial reporting information. We also observed changes in the Part 7 asset bases due to CPI-linked inflation levels. The asset bases reported by Part 7 pipelines are subject to indexation, so when inflation is high, the pipelines' depreciation is less than the inflation-linked increase in its asset base. This results in a net increase in the asset base. For the selected pipelines, we saw that as CPI increased, the pipelines' asset bases increased. As a result, only some of the selected pipelines depreciated gradually over the reporting period as expected.

Revenue

Gas pipelines in Australia tend to make most of their revenue from firm forward transportation services. As such, a pipeline's revenue is highly dependent on the demand for the pipeline services (how much capacity it can contract out) and the price set for those services.

For this report, we analysed how the revenue for each of the selected pipelines has changed over the reporting period.²⁸ We also compared the revenues against a CPI-inflated benchmark based on the first reported revenue for the pipeline, to see whether the pipelines' revenues increased with inflation.²⁹ The revenues for the selected pipelines tended to either increase steadily and approximately in line with inflation³⁰ or were less stable and generally decreased nominally.

Expenses (not including interest or tax)

As discussed above, pipelines are capital intensive and so operational expenses tend to be relatively low and the largest expense a pipeline incurs is generally the depreciation of its asset base.

For the selected pipelines, the reported expenses were relatively stable, except for large shifts in depreciation. However, pipelines with relatively smaller asset bases tended to have relatively smaller depreciation value so other costs (such as employee wages) made up a larger portion of their overall expenses.

Primarily, we saw that as CPI increased, so did appreciation, as discussed above. For pipelines under Part 7, this meant that the pipelines' total expenses also became positive due to the appreciation.

Profitability of the pipelines

With the asset base, revenue and expenses information we, along with shippers, can assess the profitability of the pipelines through the pipelines' return on assets. Return on assets is a measure of profitability that shows the profit (revenue less expenses not including interest or

²⁸ 2018–19 financial year or 2019 calendar year as applicable. The 2018 financial reporting was omitted as it only covered a 6-month period not a 12-month period like the later financial reporting.

²⁹ Pipelines tend to escalate prices by CPI, which means that they tend to have inflation-linked revenues.

³⁰ CPI was 1.59%, -0.35%, 3.85%, 6.14%, 6.03% and 3.81% for each financial year between June 2018 and June 2024.

tax) a pipeline made relative to its asset base.³¹ As gas pipelines are capital-intensive assets, a pipeline's return may be largely driven by its requirement to recover its up-front capital investment and any additional capital expenditure.

Return on assets is calculated as the profit made by a pipeline divided by its asset base:

$$\text{Return on Assets} = \frac{\text{Revenue} - \text{Expenses (not including interest or tax)}}{\text{Asset Base}}$$

As such, the return on assets is influenced by:

- **Asset base:** An increase in asset base would result in a lower return on assets. For one of the selected pipelines, increases in its asset base were material enough to decrease its return on assets.
- **Revenue:** A decrease in revenue would result in a lower return on assets. However, for the selected pipelines, any changes in revenue were not material enough to have a large effect on the return on assets over the reporting period.
- **Expenses (not including interest or tax):** An increase in expenses would result in a lower return on assets. However, expenses, other than depreciation, tended to have minimal effect on the return on assets for the selected pipelines.

For the purposes of this report, we calculated a nominal benchmark weighted average cost of capital (WACC)³² to compare with the selected pipelines' return on assets. This benchmark WACC represents the level of profit we may expect a pipeline to earn based on its risk profile.³³ A pipeline's return on assets being higher than the benchmark WACC may indicate that the pipeline is more profitable than we would expect based on its underlying costs.

The selected pipelines' return on assets were generally consistently much higher than our benchmark WACC over the reporting period. This may indicate that the pipelines are more profitable than the AER would expect based on the underlying costs. However, a higher return on assets may also be due to other factors, such as temporary market conditions and/or efficient costs.

3.3.3 Summary of compliance for financial information reported by service providers

In late 2024 service providers published the last set of financial information required to be published under Part 7 and Part 23. Most service providers published the required financial information for each of their pipelines; however, we identified 2 instances of potential non-

³¹ The asset base for each pipeline has been reported for the purposes of Part 23 to reflect the construction or acquisition costs, capitalised maintenance and additions less depreciation and disposals of the pipeline and its supporting assets, as such it may not reflect the market value of the pipelines. Further, we have excluded 'other non-depreciable pipeline assets' from the asset base as we consider that this value may include goodwill which would not be included in a cost-based approach, this is discussed further under 'Asset base' below. We have also excluded impairments from our calculation as impairments as a few major impairments greatly skewed the return on assets, this is also discussed further in 'Asset base' below.

³² The WACC represents a service provider's cost of capital by weighing its use of debt and equity financing.

³³ The benchmark WACCs are based on the AER's 2022 Rate of Return Instrument, which the AER applies to scheme pipelines. To the extent the risk for the selected pipelines is higher or lower than the risk for scheme pipelines, it may be expected that the return on assets to be higher or lower on average.

compliance. This included one service provider that failed to publish any financial information. We are liaising with the service provider to ensure that it complies with the Part 23 obligations.

3.4 Outcomes of access negotiations

Most pipelines are not heavily regulated and are instead regulated under a negotiate-arbitrate-mediate framework. This framework aims to support commercial negotiations between shippers and service providers through the transparency provisions previously outlined in this report. However, if negotiations are unsuccessful, there is a commercially orientated dispute resolution framework. The reforms were designed to provide greater support for these commercial access negotiations and simplify and strengthen the dispute resolution process.

Monitoring access negotiations and disputes aims to:

- aid in detecting any potential manipulation, overcharging or anti-competitive behaviour that could harm consumers
- help remove barriers to entry and prevent service providers engaging in anti-competitive practices that could distort market competition
- balance information asymmetry between shippers and service providers to help prevent unfair contractual obligations made for terms of access
- ensure access negotiations comply with legal and regulatory requirements of the NGL and NGR
- identify indicators of market power that may require a form of regulation review to assess whether the current form of regulation applied is the most suitable.

The reforms also brought improvements to the dispute resolution framework, which supports both mediation and arbitration options for various types of shippers. Under the reforms:

- the AER is now the dispute resolution body for access disputes relating to scheme pipelines and is responsible for introducing a new dispute resolution mechanism, which includes a new mediation option for small shippers³⁴ to use in pipeline access disputes
- all pipelines (scheme and non-scheme) are subject to the same access negotiation and dispute resolution frameworks and ring-fencing requirements
- the AER is responsible for publishing access dispute notices, making decisions on parties to access disputes and, when required, appointing arbitrators and mediators to resolve access disputes.

Since the reforms, to support access disputes and negotiations, the AER has expanded the [arbitrators pool](#), established a [mediators pool](#) and published the [Pipeline access dispute guide](#) to explain the new process and requirements.

Currently, the dispute resolution framework offers 3 pathways to resolve access disputes – AER resolution of scheme pipeline disputes, arbitration of non-scheme pipeline disputes and

³⁴ NGL, s 8AB. A small shipper is a user or prospective user who is, or seeks to be, a party to a contract with a service provider for pipeline services and its total daily pipeline capacity right (under one or more contracts with the same service provider and by means of the same pipeline) does not exceed 5 terajoules TJ/day or 20% of the pipeline's nameplate capacity. A small shipper excludes corporations with a market capitalisation of more than \$500 million or a related body corporate of the corporation.

mediation of disputes involving small shippers. Our guidelines set out information on how service providers may seek resolution through these pathways. The pathways will differ depending on factors, including whether the ACO is for access to a scheme or non-scheme pipeline, or whether a small shipper is an involved party to the dispute.

3.4.1 Service providers' obligations

Under Part 11 of the NGR, service providers are required to:

- comply with the access information standard set out in rule 105B of the NGR
- develop and maintain a user access guide set out in rule 105C of the NGR
- comply with the access request and offer process set out in rules 105D and 105E of the NGR
- comply with the access dispute processes set out in Part 12 of the NGR.

3.4.2 Summary of information

The 2023 and 2024 voluntary information requests were issued to all pipelines (although not all pipelines responded) and provided insights into the outcomes and compliance obligations of access negotiations.

- **2023 voluntary information requests:** Service providers reported 11 instances across 7 pipelines where they had access negotiations with prospective shippers seeking access to pipeline services. All 11 negotiations resulted in new access agreements.
- **2024 voluntary information requests:** Service providers reported 8 pipelines entering new or varied access agreements.³⁵

3.4.3 Summary of compliance for outcomes of access negotiations

Three service providers reported that they did not comply with their obligations under rules 39 and/or 105C of the NGR to develop and maintain an interconnection policy and user access guide. While service providers that own or operate a pipeline holding a Category 1³⁶ exemption are not required to publish a user access guide, they are required to develop and maintain one.

We consider the non-compliance is likely due to a lack of understanding of the new obligations under the reforms. We expect that service providers will be less likely to misinterpret their obligations in the future as the [AER Compliance Procedures and Guidelines](#) has been published and so service providers are expected to have a better understanding of the manner and form in which service providers must submit compliance information and data to the AER.

³⁵ The 2024 voluntary information request did not collect the number of access negotiations.

³⁶ Category 1 – Exemption from the obligation to publish information under Subdivision 1, Division 2 of Part 10 of the NGR, in relation to the pipeline.

3.5 Service providers' dealings with associates

Provisions in the NGL were designed to prohibit service providers from entering, varying or giving effect to associate contracts³⁷ that have an anti-competitive effect or are inconsistent with the competitive parity rule.³⁸ The competitive parity rule states that a service provider must ensure any pipeline service that the service provider provides to an associate of the service provider is provided to that associate as if that associate were a separate unrelated entity.³⁹

We monitor the compliance of service providers with these obligations through the ACO and through requirements on service providers to self-report associate contracts (discussed below).⁴⁰

Our monitoring of these obligations aims to:

- prevent anti-competitive behaviour from being introduced into related upstream and downstream markets
- ensure no self-dealing or preferential treatment occurs among service providers
- ensure transactions don't favour affiliates, which can lead to discriminatory and/or imbalanced terms of access
- consumers are protected from unfair practices arising from these relationships
- enable us to identify the above behaviour for further investigation and enforcement.

Service providers may apply to the AER for approval of a proposed associate contract or variation in circumstances, where the contract is in the public interest and the service provider has demonstrated the contract or variation does not have the purpose or is unlikely to substantially lessen competition or is not inconsistent with the competitive parity rule.⁴¹ The AER may also grant exemptions for associate contract requirements.⁴²

3.5.1 Service providers' obligations

The reforms extended ring-fencing and associate contract provisions to include non-scheme pipelines, which were previously not subject to the same associate contract provisions.⁴³

There are also now 2 categories of associate contracts:

- **Specified associate contract:** the service provider must provide advance notification to the AER before entering into, or varying, the contract. Specified associate contracts are

³⁷ An associate contract is a contract, arrangement or understanding for the use of a pipeline service between a service provider and an associate or any person who provides a benefit to an associate and is not at arm's length to the service provider – NGL, Ch.1 Part 1 section 2(1); Division 2 of Part 1.2 of the *Corporations Act 2001*.

³⁸ NGR rules 32, 32A and 33 refer to obligations relating to associate contracts set out in sections 147 and 148 of the NGL.

³⁹ NGL, section 148.

⁴⁰ Self-reporting provisions are set out in Part 5 division 2 of the NGR.

⁴¹ NGR, rule 32.

⁴² The relevant provisions on exemptions in the NGL are sections 148A (exemptions from particular requirements) and 148AA (exemptions from section 147(c)).

⁴³ The provision previously only applied to scheme pipelines.

any contracts with an associate that carries on a related business.⁴⁴ The service provider must give the AER written notice at least 20 business days before entering into the contract or variation. This notice must include the associate contract information and a description of the key terms of the contract or variation, or form of the contract or variation of the contract, the service provider proposes to enter into.⁴⁵

- **Other associate contract or excluded contract:**⁴⁶ a service provider must give the AER written notice of an associate contract or variation within 5 business days after entering or varying an associate contract. This must include a copy of the contract (or contract as varied) and:
 - for contracts and variations that have not been approved or not notified under NGR rule 32A, also include the associate contract information
 - for approved contracts or variations or specified associate contracts that were notified under NGR rule 32A, also include a statement describing changes to the information provided in the application or notification to the AER.

The self-reporting obligations state that a service provider:

- may request the AER's approval of a new or varied associate contract as outlined in NGR rule 32
- must provide the AER with advance notice of entering or varying a specified associate contract as outlined in NGR rule 32A
- must notify the AER within 5 business days of entering or varying an associate contract as outlined in NGR rule 33.

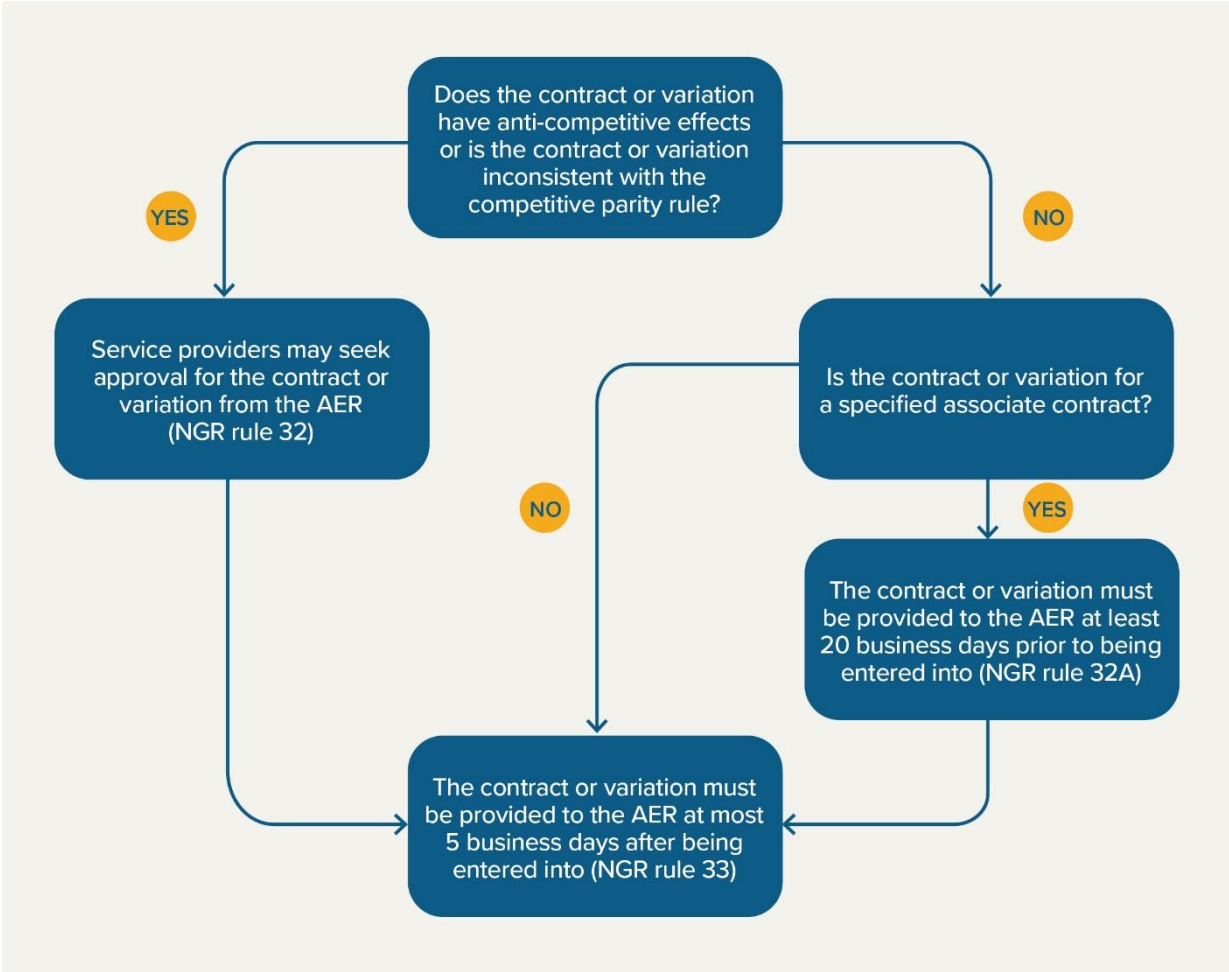
We have summarised these obligations in Figure 3.3.

⁴⁴ Definition of a related business is specified under section 137 of the NGL.

⁴⁵ NGR, rule 32A. Specified associate contracts do not include 'excluded associate contracts' as described under rule 31.

⁴⁶ Definition of an excluded associate contract is specified under NGR Part 5, Div. 2.

Figure 3.3 Summary of obligations for associate contracts



3.5.2 Summary of information

The information received in 2023 and 2024 was obtained via voluntary information requests, which were issued to all pipelines. However, not all pipelines responded to the voluntary information requests covering all associate contracts entered or varied that we were notified of since the reforms.

These notifications were primarily for variations of associate contracts and based on the contracts notified we did not identify any compliance concerns. Due to the type of associate contracts, the contracts and variations did not require the AER’s approval. We had no concerns with service providers’ compliance with rules 32, 32A and 33 of the NGR.

Five contracts or variations were reported in response to the 2023 and 2024 voluntary information requests. These associate contracts did not raise any concerns with the compliance of service providers at the time of the voluntary information requests.

Two service providers reported having a Category 1 exemption under Part 10 Division 2 Subdivision 2 of the NGR, which meant they are exempt from both minimum ring-fencing and associate contract requirements during this time.

3.5.3 Summary of compliance for service providers' dealings with associates

We did not identify any issues or concerns with the compliance of service providers with the associate contract obligations. In September 2024 we published a [Gas ring-fencing decision guide](#)⁴⁷ outlining the associate contract obligations to assist service providers in understanding their obligations under the reforms.

3.6 Service providers' compliance with ring-fencing requirements

Ring-fencing refers to the separation of the contestable and non-contestable commercial activities (i.e. whether there is actual or potential competition for those activities) of a regulated entity and is typically applied to the regulation of monopolies.

In the context of gas market regulation, provisions have existed in the NGL since 2008 to separate pipeline businesses from related businesses, such as those that produce, blend, buy or sell gas. The provisions aim to prevent a related business from gaining a competitive advantage (for example, in relation to the cost of transporting gas, or access to pipeline capacity) by virtue of its common ownership or operation of a gas pipeline. Such an advantage could reduce competition, lead to higher gas prices for consumers and distort investment signals for pipeline infrastructure, reducing the overall efficiency of the operation and use of gas services and harming the long-term interests of consumers.⁴⁸

Under the 2023 reforms, ring-fencing requirements have now been expanded to all pipelines (not just scheme pipelines) and include all gases under the NGL (not just natural gas).

The AER monitors compliance with ring-fencing requirements, which provides an avenue to identify issues requiring further regulatory action and builds awareness among service providers of their ring-fencing obligations and options for exemptions from these obligations.

3.6.1 Service providers' obligations

Service providers are required to adhere to the minimum ring-fencing requirements, which, unless it has received an exemption from the AER, requires the service provider to:

- **Related business:** not carry on a related business. This includes carrying on a business in activities related to processing, producing and trading gas.⁴⁹
- **Marketing staff:** not share its marketing staff with an associate that takes part in a related business (and conversely, an associate in a related business cannot share marketing staff with the service provider). Marketing staff is any officer, employee, consultant or independent contractor/agent of the service provider who is also directly involved in the sale, marketing or advertising of pipeline services.⁵⁰
- **Separate accounts:** prepare, maintain and keep separate accounts for pipeline services provided by means of every pipeline owned, operated or controlled by the service provider,

⁴⁷ AER, [Gas ring-fencing decision guide](#), Australian Energy Regulator, November 2024

⁴⁸ AER, [Gas ring-fencing decision guide](#), Australian Energy Regulator, November 2024.

⁴⁹ NGL, section 139.

⁵⁰ NGL, section 138.

as well as a consolidated set of accounts for the whole of the business of the service provider.⁵¹

A service provider may apply for an exemption from one or more of the minimum ring-fencing requirements or associate contract requirements.⁵² We publish these exemption decisions on our website.

3.6.2 Summary of information

The 2023 and 2024 voluntary information requests were issued to all pipelines (but not all pipelines responded) and sought:

- lists of all associates and information on the nature of any related businesses (in connection with sections 139 and 140 of the NGL)
- information on the accounts kept by the business (in connection with section 141 of the NGL)
- information on any additional ring-fencing requirements (in connection with section 143 of the NGL)
- information on any new or varied associate contracts (in connection with sections 147 and 148 of the NGL)
- statements of compliance supporting the above requests.

In both 2023 and 2024, all responses indicated that service providers had complied with their requirements under sections 143, 147 and 148 of the NGL. However, 2 service providers self-reported that they were not compliant with their requirement under sections 139, 140 or 141 of the NGL. Both service providers have since taken actions to become compliant with these requirements.

3.6.3 Summary of compliance with ring-fencing requirements

As noted above, there were 2 instances of potential non-compliance with ring-fencing obligations. The service providers contacted the AER before engaging in the non-compliant activity. In these instances, the AER was able to assess the potential for harm arising from the conduct and have the service provider take appropriate action to meet their obligations. One of these providers has submitted a ring-fencing exemption application and the other self-reported their conduct and has since come into compliance. No other compliance issues were identified in the 2023 and 2024 voluntary information request responses.

We consider that these proactive notifications of compliance issues are the result of service providers becoming more aware of the new ring-fencing requirements. To assist service providers better understand their ring-fencing obligations and how to apply for exemptions from certain obligations when needed, we have developed a [Gas ring-fencing decision guide](#).

⁵¹ NGL, section 141.

⁵² NGR, Part 5.

3.7 Compliance of service providers with the other requirements of the Law, the Regulations and the Rules

At the date of publication, there are a significant number of obligations on service providers under the NGL and NGR. In addition to the obligations already discussed, we have identified a number of further obligations. Monitoring these obligations enables us to report on whether the regulation applied to pipeline services is appropriate. This furthers the reforms' objectives of preventing instances of excessive market power and identifying where there are risks of market power being exercised. These obligations are found under:

- NGL section 64C (Compliance audits by service providers)
- Part 4 of the NGR (Regulatory determinations and elections)
- Part 16 of the NGR (Information protection and use).

3.7.1 Service providers' obligations

- **Compliance audits:** Under NGL section 64C, a service provider must, if required by the AER, carry out a compliance audit in connection with the service provider's compliance with the requirements of the NGL and NGR.
- **Regulatory determinations and elections:** Under Chapter 3 of the NGL and Part 4 of the NGR, the AER's role is to make scheme pipeline determinations, scheme pipeline revocation determinations, Greenfields incentive and price protection determinations and classification and reclassification decisions. Service providers are obligated to comply with the AER's decision process; for example, by complying with information gathering requests.
- **Information protection and use:** Service providers must supply information and maintain confidentiality in accordance with Part 16 of the NGR.

3.7.2 Summary of information

- **Compliance audits:** During the reporting period, we consulted on the implementation of the compliance audit framework with service providers. As a result, no compliance audits were undertaken.
- **Regulatory determinations and elections:** During the reporting period, we made one decision and received one application in accordance with NGL Chapter 3 and Part 4 of the NGR.
- **Information protection and use:** We used the voluntary ACOs in 2023 and 2024 to monitor service providers' compliance with obligations under Part 16 of the NGR by requesting a statement of compliance with the requirements under rule 137 of the NGR and copies of any internal policy documents that include information on handling confidential information. In both the 2023 and 2024 voluntary ACOs, all responses indicated that the service providers complied with their obligations.

3.7.3 Summary of compliance with other requirements of the NGL and NGR

- **Compliance audits:** We consulted with service providers on the implementation of the compliance audit framework that commenced with the reforms. We published the [AER Compliance Procedures and Guidelines for gas pipelines](#) in December 2024, which set out our approach to compliance audits. No compliance audits were conducted during the period.
- **Regulatory determinations and elections:** During the reporting period, service providers complied with their obligations to further the decision-making processes under NGL Chapter 3 and Part 4 of the NGR. To inform service providers of their obligations and how we will approach our role, we published the [Pipeline regulatory determinations and elections guide](#) in July 2024.
- **Information protection and use:** Some service providers noted that they included confidentiality requirements within relevant contracts rather than producing separate policy documents. There is no requirement to make an internal confidentiality policy under the NGL or NGR. As a result, the responses received did not raise any compliance concerns.

Appendix A – How the AER obtains the NGL section 63A information

The AER must regularly and systematically monitor matters set out in section 63A of the NGL. The following table outlines the specific avenue for reporting to the AER against each matter.

We also held confidential meetings with shippers on their experience using the published transparency information and negotiations with service providers. While the specific details of these meetings are confidential, we have considered the views expressed by these stakeholders in forming this report.

NGL section 63A	Service provider obligations	How the information was obtained
<p>(a) the prices charged by service providers for pipeline services</p> <p>(b) the non-price terms and conditions for pipeline services</p>	<p>Standing terms (Part 10 of the NGR)</p>	<p>Should be published in tabular form and may be published on the website or within a clearly labelled document and include the date that the information was last updated.</p> <p>No later than 20 business days after there is a change.</p>
	<p>Actual prices payable information (Part 10 of the NGR)</p>	<p>Must be published within a clearly labelled document, in Excel or similar machine-readable format, or as agreed with the AER.</p> <p>A service provider must give to the AER a copy of the following information after it is published on the service provider's website.</p> <p>No later than 20 business days after an access contract is entered into or varied, subject to qualification.</p> <p>For the purposes of this report, all actual prices payable information was current as of October 2024.</p>
<p>(c) the financial information reported by service providers</p>	<p>Financial information and basis of preparation (Parts 7 and 23 of the NGR⁵³)</p>	<p>Rule 555 of the NGR⁵⁴ requires a service provider of a non-scheme pipeline to prepare and publish on its website financial information about each of its pipelines.</p> <p>Must be published annually within 4 months of the end of the service provider's reporting period, meaning the annual financial year for which</p>

⁵³ Financial reporting under Parts 23 and 7 will be replaced by financial reporting under Part 10 by 6 months after the end of the financial year of the service provider immediately following 30 June 2024.

⁵⁴ See the transitional provision in schedule 6, rule 22 of the NGR.

NGL section 63A	Service provider obligations	How the information was obtained
		the reporting entity ordinarily prepares financial information.
(d) the outcomes of access negotiations	User access guide (Part 11 of the NGR)	<p>A service provider must develop and maintain a user access guide.</p> <p>Service providers must publish the user access guide or provide a link to the user access guide (such as via the main menu) on the service provider's home webpage, or the home webpage of the relevant pipeline, as appropriate.</p>
	Access requests and offers (Part 11 of the NGR)	<p>The 2023 voluntary information request included requests for information about the third parties, dates and outcomes of all access negotiations, in line with the previous 2008 ACO.</p> <p>The 2024 voluntary information request included requests for a general statement of compliance with Part 11 of the NGR and requested the terms and conditions of any new access contracts, in line with the new ACO from 2024.</p> <p>The change to the relevant information request in the new ACO changes to rule 37 of the NGR as part of the reform.</p>
	Access disputes (Part 12 of the NGR)	<p>Parties may notify the AER of a dispute under the updated Access dispute framework.</p> <p>As noted above, the 2023 voluntary information request included requests for information on the outcomes of all access negotiations.</p> <p>The 2024 voluntary information request included a request for a general statement of compliance with Part 11 of the NGR, but not specific information requests on access disputes.</p> <p>This change avoids duplication in with the notification process in the updated Access dispute framework.</p>

NGL section 63A	Service provider obligations	How the information was obtained
	Service and access information (Part 10 of the NGR)	<p>Should be published in tabular form and may be published on the website or within a clearly labelled document and include the date that the information was last updated.</p> <p>By the last business day of the month following the month that the pipeline was commissioned.</p>
<p>(e) service providers' dealings with associates</p> <p>(f) service providers' compliance with ring-fencing requirements</p>	Associate contract provisions (Part 5 of the NGR)	<p>A service provider must, within 5 business days after entering into, or varying, an associate contract (whether approved or not), give the AER written notice of the contract or variation together with a copy of the contract (or the contract as varied).</p> <p>For specified associate contracts, a service provider must provide advance notification to the AER at least 20 business days before entering into, or varying, the contract.</p>
	Ring-fencing requirements (Part 5 of the NGR)	<p>The 2023 and 2024 voluntary information requests sought lists of all associates, information on the nature of any related businesses, information on the accounts kept by the business, information on any additional ring-fencing requirements, and information on any new or varied associate contracts.</p> <p>Service providers were required to provide a statement confirming compliance with the relevant obligations.</p> <p>Service providers are also required to notify the AER about new associate contracts (under rules 32A and 33 of the NGR) or may submit associate contracts for approval (under rule 32 of the NGR).</p>
	Interconnection policies (Part 6 of the NGR)	<p>A service provider must develop and maintain an interconnection policy that relates to the principles applying under Part 6 of the NGR.</p> <p>The user access guide must contain the information set out in rule 105C(6) of the NGR and must</p>

NGL section 63A	Service provider obligations	How the information was obtained
		<p>include the service provider's interconnection policy for the pipeline in accordance with rule 39(3) of the NGR.</p> <p>The 2024 voluntary information request included a request for a copy of the service provider's interconnection policy to monitor compliance with this requirement.</p>
<p>(g) the compliance of service providers with other requirements of this Law and the Rules</p>	<p>Compliance audits (NGL section 64C)</p>	<p>No compliance audits have been undertaken in the reporting period. The new audit powers within section 64C of the NGL were introduced in 2023. The AER published the Compliance Procedures and Guidelines for gas pipeline service providers in December 2024, setting out how compliance audits will be undertaken.</p>
	<p>Regulatory determinations and elections, and classifications (Part 4 of the NGR)</p>	<p>The AER may, upon application or self-initiation, make scheme pipeline determinations, scheme pipeline revocation determinations, Greenfields incentive and price protection determinations and classification and reclassification decisions.</p>
	<p>Supply information and maintain confidentiality (Part 16 of the NGR)</p>	<p>The 2023 and 2024 voluntary information requests monitored compliance via a general statement of compliance provided by the service providers. In addition, service providers provided any relevant policy documents that outlined the service provider's policy on handling confidential information.</p>