



Australian Government
The Treasury



Australian Government
Department of Climate Change, Energy,
the Environment and Water

Mr Jason Lange
Executive Director
Office of Impact Analysis
1 National Circuit
BARTON ACT 2600

Dear Mr Lange

Options for Energy Price Relief Impact Analysis – Addendum in relation to policy design changes for a mandatory code of conduct for the east coast wholesale gas market

We write to submit an addendum to the *Options for Energy Price Relief Impact Analysis* (IA), which addresses impacts of policy changes to improve the proposed mandatory gas code of conduct, one of the policy elements assessed under the IA. Changes to the Code's design have been made in response to stakeholder feedback received following public consultation on the initial policy design (undertaken from 9 December 2022 to 7 February 2023) and on detailed policy design, including an exposure draft of the *Competition and Consumer (Gas Market Code) Regulations 2023*, from 26 April to 12 May 2023.

As detailed in the analysis presented in the addendum, the improved code design is considered to reduce costs and increase benefits compared to the original design as assessed in the IA. The changes to costs and benefits result from:

- Removal of the arbitration framework originally proposed, which reduces the estimated regulatory burden impact costs of the IA by \$4.32 million over 10 years.
- An improved gas pricing framework which provides stronger incentives for investment in gas production and supply to support the adequate supply of reasonably priced gas to the east coast gas market and stronger competition in the supply of gas to the market.

We understand the addendum will be published alongside the IA on the Office of Impact Analysis website.

Yours sincerely

Stuart Richardson
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Department of Climate Change, Energy, the
Environment and Water

Alex Maevsky
Acting Assistant Secretary
Market Conduct and Digital Division
The Treasury

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