

# National Gas (South Australia) Bill

Wednesday 30<sup>th</sup>, 2008

**Mr PEDERICK (Hammond) (12:28):** I rise to make a few comments regarding this bill on the national gas law. I understand that six principles will be included as part of the development framework for the regulation of pipeline services and that they will be part of the arrangement in making the rules governing the regulation of pipeline services and the Australian energy regulator when approving access arrangements.

We must be absolutely sure in these arrangements that we get the balance right with the regulatory regime while still managing to provide efficient investment opportunities for companies to invest in pipelines throughout the nation to connect people to gas.

The member for MacKillop alluded to six principles, and this is similar to the national electricity law. The first principle is that a regulator network provider should have a reasonable opportunity to recover the efficient cost incurred in providing the service, which is fair enough. Also there needs to be provision for an effective incentive to promote economically efficient investment, and the regulator must have regard to the regulatory asset base adapted in any previous determination.

The fourth principle is that prices and charges should allow for a return commensurate with both the regulatory and commercial risks involved. The fifth principle is that the regulator should have regard to the economic costs and risks of the potential of both under or over-investment by a service provider. The sixth principle is that the regulator must have regard to the economic costs and risks of the potential for both under or over-utilisation of the network.

I will speak briefly about gas production, mainly onshore but also offshore, and the massive investment that has been made in this country over the past 50 years. Onshore production from the Moomba gas fields has been a commercial operation since 1963 and most people are aware that the Cooper Basin, situated about 770 kilometres north of Adelaide, has been a major economic powerhouse and employer in this state. I spent two years of my employment in those gas fields, between 1982 and 1984.

*Mr Venning interjecting:*

**Mr PEDERICK:** For the benefit of the member for Schubert, I point out that I operated earthmoving equipment for 12 months, building leases for oil rigs in areas where they could drill for oil and gas, helped build an airstrip and made several roads, operating a twin-power 639 CAT scraper. Then I proceeded—

*Mr Venning interjecting:*

**Mr PEDERICK:** I did not do too badly. I worked with a company, Gearhart Australia, which is involved in well testing and fracturing oil wells to release more gas and oil for production. Even back then, I worked on jobs involving a combination of Gearhart and Halliburton which amounted to \$1 million per oil well, so one can imagine how much investment is being made today, 25 years on. I acknowledge the work that goes on in harsh conditions in our Far North. The seismic teams go through and have seismic tracks about a kilometre apart, networking and criss-crossing the country up there, doing the testing to see if a structure is available for oil and gas. Then the rigs go out wildcat drilling and the fields are opened up over time and interconnected with pipeline framework to get all the gas and oil brought into the main centre at Moomba.

Back in the days when I was up there I met many men working for the pipeline organisations who were doing four weeks on and only one week off, and their commitment to their job was noteworthy: they are good men—some hard men, but all hard-working men. With the gas operation we have the trunk connections to Sydney and Adelaide. During my employment in the Cooper Basin (and I was not there at the time but home on leave) the Adelaide pipeline came adrift one night, and apparently men were jumping out of ATCO huts and into Toyotas and heading south in their boxer shorts; they were getting out of there because they were in real strife.

Be that as it may, there are not too many issues like that in the gas industry, which has supplied a lot of economic wealth to this state. The Cooper Basin has 115 gas fields hooked up through 536 wells. As I said, gas was first discovered commercially in 1963. There has been commercial gas supplied to Adelaide since 1969, and commercial gas has been piped into Sydney since 1976. It gives a total pipeline and flow line measurement of 5,600 kilometres, which includes the 790 kilometre trunk line to Adelaide and the 1,160 trunk line to Sydney.

This gas supply to Adelaide has been reasonably complemented by the SEA Gas pipeline, which just happens to bypass close to my home town of Coomandook. The 750 kilometre pipeline from Port Campbell in Victoria supplies gas to Pelican Point power station at Port Adelaide. This line was first commissioned in 2004 and brings gas from offshore gas fields on the Victorian coast. SEA Gas supplies 50 per cent of Adelaide's annual supply and, if there is a problem with the supply from Moomba, there is more than enough in that line to take up the slack, so that is certainly good insurance as far as Adelaide and South Australia are concerned, because it gives South Australia the security of an alternative gas supply.

We need to realise that natural gas is a massive resource that can be utilised by many industries and domestic markets. I think we need to enhance accessibility to regional communities. The low emission benefits of using gas compared to other fossil fuels means it should be used more widely, and I think we should make arrangements to improve this access via regulation. With those words, I conclude my remarks.