

## AUSTRALIAN ENERGY REGULATOR MINUTE

**REF:** 46771  
**DATE:** 31 May 2012

**TO:** Terms and Conditions workshop participants  
**FROM:** AER  
**SUBJECT:** 2012 VIC GAAR Terms and Conditions workshop, 18 May 2012

### 1. Background

On 30 March 2012, SP AusNet, Multinet and Envestra submitted revised gas access arrangement proposals for the Victorian and Albury gas distribution systems to the AER for review, pursuant to the distributors' obligations under the National Gas Law (NGL) and National Gas Rules (NGR). The AER publicly released these access arrangement proposals on 2 May 2012 for consideration and comment by interested parties.

Under the NGL and NGR the AER has the function of reviewing and approving the terms of the proposals. The proposals contain the terms under which the distribution businesses propose to provide gas retailers with access to their networks for the period 1 January 2013 to 31 December 2017. The AER assesses the terms of the proposals, including the non-price terms and conditions, against the National Gas Objective which is set out in the NGL. Following the review the AER must make a final decision to approve, or to refuse to approve a proposal.

As part of the review process, on 18 May 2012 the AER hosted a workshop on the proposed terms and conditions. The workshop provided retailers and distributors with a forum to identify and discuss key issues arising from the proposed amendments to the non-price terms and conditions of the distributors' access arrangements.

The agenda for the workshop can be found at Attachment A.

### 2. Workshop participants

The workshop was attended by AER staff and representatives from the following Victorian gas retailers:

- Origin Energy
- AGL Energy Limited
- TRUenergy
- Australian Power & Gas Company Limited
- Dodo Power & Gas P/L
- Lumo Energy.

Representatives from the following gas distribution companies were also in attendance:

- SP AusNet
- Multinet
- Envestra.

### 3. Key issues raised

Key issues identified during the workshop included:

- the impact of inconsistencies in distributor terms and conditions across access arrangements
- the implications that the National Energy Consumer Framework (NECF) may have for the access arrangement terms and conditions, with particular reference to:
  - inconsistency in the format of the terms and conditions across businesses
  - unnecessary duplication of clauses
  - allocation of risk and liabilities, and reciprocity of rights
- billing arrangements
- specification of gas quality
- distributors' discretions and the potential addition of an element of 'reasonableness'.

Discussion during the workshop centred on the impact that NECF will have on the structure of the proposed terms and conditions. Further, participants highlighted inconsistencies in the terms and conditions across access arrangements, which could increase retailer transaction costs.

In response, the distribution businesses noted the drafting of the terms and conditions in their proposals was guided by the assumption that the retailers preferred as few changes as possible from the current access arrangements. A minimal change approach could also reduce transaction costs for the retailers.

### 4. Next steps

- Submissions on the proposals are due on 29 June 2012.
- The AER will take into account any submissions received by this date when preparing its draft decision—scheduled to be released in September 2012.
- At the workshop, the distribution businesses committed to consider the retailers' submissions and seek to resolve any disputes prior to the release of the AER's draft decision in September 2012.
- Additionally, the distribution businesses committed to take steps to minimise inconsistencies across their access arrangements, and clarify any drafting ambiguities and improve brevity, especially in relation to NECF, in the proposed terms and conditions.
- Finally, the distribution businesses agreed in principle to consider options for harmonising their terms and conditions more broadly. It was acknowledged that this may involve running a separate process to the 2012 Victorian Gas Access Arrangement Review.

## Attachment A – Workshop Agenda

### 2012 VICTORIAN GAS ACCESS ARRANGEMENT REVIEW

### TERMS AND CONDITIONS WORKSHOP

### AGENDA

<p>Friday 18 May 2012 Melbourne Level 35, Training Room, 360 Elizabeth Street Commencing 10:00am (EST)</p>
--

Time	Agenda Item	Speaker
10.00am	<b>1. Introduction</b>	Sebastian Roberts, AER
10.15	<b>2.1 SP AusNet overview of proposal</b>	Robert Amphlett Lewis Peter Ellis Robin Woolnough
10.30	<b>2.2 Multinet overview of proposal</b>	Verity Watson Nichole Chaplain Mathew Abraham
10.45	<b>2.3 Envestra overview of proposal</b>	Craig de Laine Ralph Mignone
11.00	<b>3. Discussion</b> - identification of key issues	Retailers and distributors Chair: Sebastian Roberts, AER
11.30	Morning tea break	
11.45	<b>3. Discussion</b> - continued	Retailers and distributors Chair: Sebastian Roberts, AER
12.45pm	<b>4. Summary of key issues</b>	Sebastian Roberts, AER
1.00	Lunch	