Australian Gas Networks

Attachment 2

Previous Information Requests

June 2018

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Reference	Question	Comment
29 – Question 6	Reasoning and evidence as to why the Aldinga Sunday Estate development penetration rate represents a reasonable proxy for the Mount Barker developments.	Residential penetration rates considered at 2.1.1.1. Also see *Attachment 6B: Additional Support for Penetration Rate.* We have now considered natural gas penetration rates at March 2018 for a broader set (eight areas with over 14,000 homes) of new subdivisions of a comparable size and development type to those in Mount Barker. The areas selected are still under development and therefore represent the most recent trends in residential gas connections. The penetration rate is arrived at by comparing the total number of dwellings to the number of residential gas connections. The average penetration rate across these subdivisions is just over 95%. We have also undertaken further analysis of penetration rates across our network to assist the AER with reconciling statewide penetration rates versus new subdivision suburb specific penetration rates.

Reference	Question	Comment
29 – Question 7	The calculations of forecast consumption per connection underpinning the bottom-up approach referred to in AGN's revised proposal.	Average residential consumption is considered at 2.1.1.2. Also see *Attachment 7: Consumption Data* and *Attachment 11B: Additional Support for Economic Analysis.* Core Energy used a top down approach by looking at the average use of new homes in Mount Gambier (which has the most similar climate in SA to Mount Barker). Mount Gambier was selected as the most appropriate comparison for Mount Barker, noting this is likely to be a conservative estimate as Mount Gambier is milder, has smaller average household size and lower median income than Mount Barker. We have allocated the top-down estimate to the energy uses of cooking, hot water and space heating based on typical appliance efficiency and expected household size for the economic analysis.

Reference	Question	Comment
29 – Question 8	Reasoning and evidence as to why the new estates in Nuriootpa and Mount Gambier are comparable to Mount Barker.	Average residential consumption is considered at 2.1.1.2. Also see *Attachment 7: Consumption Data* and *Attachment 11B: Additional Support for Economic Analysis.* Nowhere in SA with natural gas has the same demographics and climate as Mount Barker. Core Energy considered Mount Gambier was the best available comparison as it has the most similar climate, as well as a reasonable number of new homes in new developments. This estimate is conservative as Mount Gambier is milder, has smaller average household size and lower median income than Mount Barker. Note: the climate data presented in the Revised AA Business Case for Mount Gambier was incorrect
29 – Question 9	Reasoning and evidence supporting AGN's assumptions about potential demand customers MDQ.	The forecast for demand customers is considered at 2.1.3. Also see *Attachment 4B: Additional Support for Commercial and Industrial Forecasts* and *Attachment 6: Customer Survey Summary.* We have undertaken further work, including physical surveys and engagement to support our assumptions about potential demand customers MDQ.
29A – Question 1	The planning activities AGN is forecasting to be associated with the Mount Barker extension project.	The planning activities associated with the Mount Barker extension project are: • Concept route analysis (complete) • Pre-Front-end Engineering Design (FEED) route optimisation (complete) • FEED (54% complete) We note that when we submitted our business case as part of our Revised AA Proposal, only the Concept route analysis had been completed.
46 – AER Statement	Assumptions about the timing of the extension.	Our assumptions about the timing of the extension are unchanged, refer 1.4.2 and previous AGN response.

Reference	Question	Comment
46 – Question 1	Based on all the currently available information AER staff are not satisfied that AGN has been able to demonstrate that the use of a 95 per cent penetration rate assumption is the best estimate possible in the circumstances.	Residential penetration rates considered at 2.1.1.1. Also see *Attachment 6B: Additional Support for Penetration Rate.* We have now considered natural gas penetration rates at March 2018 for a broader set (eight areas with over 14,000 homes) of new subdivisions of a comparable size and development type to those in Mount Barker. The areas selected are still under development and therefore represent the most recent trends in residential gas connections. The penetration rate is arrived at by comparing the total number of dwellings to the number of residential gas connections. The average penetration rate across these subdivisions is just over 95%. We have also undertaken further analysis of penetration rates across our network to assist the AER with reconciling statewide penetration rates versus new subdivision suburb specific penetration rates.
46 – Question 2	Consideration given to the option of requiring capital contributions from developers to offset the cost on existing customers.	Customer capital contributions are considered at 1.4.3. We have not included any capital contributions for the Mount Barker extension on the basis the capital expenditure is conforming under the economic value and the incremental revenue tests set out in the NGR at 79(2)(a) and (b).