

# **Final Decision**

## **Victorian Energy Networks Corporation access arrangement revisions for the Principal Transmission System**

**13 November 2002**

**File No:**  
C2001/768

**Commissioners:**  
Fels  
Bhojani  
Jones  
Martin  
McNeill



## Preface

The Victorian Energy Networks Corporation (VENCorp) lodged proposed revisions to its access arrangement with the Australian Competition and Consumer Commission (the Commission) on 28 March 2002. The Commission approved this access arrangement in 1998.

The Commission's Draft Decision of 14 August 2001 set out its draft assessment of VENCorp's proposed revised access arrangement in accordance with the provisions of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code).

Under the terms of the Code the Commission is required to decide whether to approve or not approve the proposed revisions. It may only approve VENCorp's proposed revised access arrangement if it is satisfied that it would contain the elements and satisfy the principles set out in sections 3.1 to 3.20 of the Code. In doing so the Commission must take into account the factors described in section 2.24 of the Code and the provisions of the access arrangement.

In its Draft Decision, the Commission proposed not to approve VENCorp's proposed revised access arrangement for the Principal Transmission System (PTS), (which incorporates the Western Transmission System (WTS)) in its current form. The Draft Decision also set out the amendments (or nature of the amendments) which would have to be made for the Commission to approve the revisions. It also invited written submissions on the Draft Decision.

In response to the proposed amendments in the Commission's Draft Decision, VENCorp lodged amended revisions to its access arrangement and access arrangement information dated 16 September 2002. This Final Decision assesses VENCorp's revised access arrangement and access arrangement information dated 16 September 2002 for compliance with the Code and the proposed amendments of the Draft Decision.

Copies of VENCorp's proposals and related information are available from the Commission's website at [www.accc.gov.au](http://www.accc.gov.au) (under 'Gas').



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## Abbreviations and glossary

Access arrangement	An arrangement for third party access to a pipeline provided by a service provider and approved by the relevant regulator in accordance with the Code
Access arrangement information	Information provided by a service provider to the relevant regulator pursuant to section 2 of the Code
Access arrangement period	The period from when an access arrangement or revisions to an access arrangement takes effect (by virtue of a decision pursuant to section 2) until the next revisions commencement date
Code	National Third Party Access Code for Natural Gas Pipeline Systems
Commission	Australian Competition and Consumer Commission
Contract carriage	A system of managing third party access whereby the service provider normally manages its ability to provide services primarily by requiring users to enter into a contract that specifies a particular quantity of service
Covered pipeline	A pipeline to which the provisions of the Code apply
DEI	Duke Energy International
DNRE	Department of Natural Resources and Environment
EAPL	East Australian Pipeline Limited
GasNet	GasNet Australia (Operations) Pty Limited
GPAL	Gas Pipelines Access Law
Market carriage	A capacity management system where the service provider does not normally require users to commit to a contract. Instead charges are based on actual usage
MSOR	Market System and Operations Rules
MSP	Moomba - Sydney Pipeline
Prospective user	A person who seeks or who is reasonably likely to seek to enter into a contract for a service (including a user who seeks or may seek to enter into a contract for an additional service)
PTS	Principal Transmission System

Queuing policy	A policy for determining the priority that a prospective user has, as against any other prospective user, to obtain access to spare capacity
Reference service	A service which is specified in an access arrangement and in respect of which a reference tariff has been determined
Reference tariff	A tariff specified in an access arrangement as corresponding to a reference service.
Reference tariff policy	A policy describing the principles that are to be used to determine a reference tariff
Revisions commencement date	The date upon which the next revisions to the access arrangement are intended to commence
Revisions submissions date	The date upon which the service provider must submit revisions to the access arrangement
Service envelope agreement (SEA)	An agreement between VENCorp and GasNet whereby GasNet makes the Gas Transmission System available to VENCorp
Service provider	A person who is the owner or operator of the whole or any part of the pipeline or proposed pipeline
Services policy	A policy detailing the service or services to be offered
TPA	<i>Trade Practices Act (1974)</i>
TXU	TXU Australia Pty Ltd
UGS	Underground Gas Storage facility
VENCorp	Victorian Energy Networks Corporation
WTS	Western Transmission System





# 1. Introduction

## 1.1 Access arrangement revisions

In accordance with the provisions of its access arrangement, the Victorian Energy Networks Corporation (VENCorp) submitted a proposed revised access arrangement and revised access arrangement information to the Commission on 28 March 2002 for approval under the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code). VENCorp also submitted an application for re-authorisation of the Market and System Operations Rules (MSOR) under the *Trade Practices Act 1974* (TPA) on 17 May 2002.

Under the market carriage capacity management system operating in Victoria, users pay tariffs to both the independent system operator, VENCorp, and to the system owner, GasNet. Approximately 15 per cent of the total tariffs are paid to VENCorp.

GasNet has also submitted a proposed revised access arrangement to the Commission that is the subject of a separate approval process.

An access arrangement describes the terms and conditions on which a service provider will make access available to third parties. The initial access arrangement period (for both VENCorp's and GasNet's respective access arrangements) ends on 31 December 2002. The second access arrangement period is scheduled to commence on 1 January 2003 and is proposed to end on 31 December 2007. However, service providers have the discretion to submit revisions earlier than a scheduled review.

Under the Code, the Commission is required to:

- ⌘ inform interested parties that it has received the proposed revisions to the access arrangements and the associated access arrangement information (parties were notified by letter on 5 April 2002);
- ⌘ publish a notice in a national daily newspaper that: describes the covered pipelines to which the access arrangements relate; states how copies of the documents may be obtained; and requests submissions by a specified date (the notice was inserted in the *Australian Financial Review* and *The Age* on 8 April 2002). The Commission also released an Issues Paper on 17 April 2002;
- ⌘ after considering submissions received, issue a Draft Decision which either proposes to approve the revisions or proposes not to approve the revisions and states the amendments (or nature of the amendments) which would have to be made to the revisions in order for the Commission to approve them (a Draft Decision was issued on 14 August 2002);
- ⌘ after considering additional submissions, issue a Final Decision that either approves or does not approve the revisions (or amended revisions) and states the amendments (or nature of the amendments) which have to be made to the revisions (or amended revisions) in order for the Commission to approve them; and

- ⊗ if the amendments are satisfactorily incorporated in amended revisions, issue a Final Approval.<sup>1</sup> If the Commission is satisfied that the amended revisions either substantially incorporate the amendments specified or otherwise address to its satisfaction the matters which led to it specifying the amendments in its Final Decision, it must either approve or not approve the amended revisions. In any other case, the Commission must draft and approve its own revisions.

In response to the Commission's Draft Decision, VENCORP lodged amended revisions to its access arrangement and access arrangement information dated 16 September 2002.<sup>2</sup> Under section 2.38A of the Code, the Commission may approve VENCORP's amended revisions if it considers that they incorporate the amendments specified in the Draft Decision or otherwise address the reasons for requiring the amendments.

## **1.2 Criteria for assessing revisions to access arrangements**

The Commission may approve revisions to an access arrangement only if it is satisfied that the access arrangement as revised would contain the elements and satisfy the principles set out in sections 3.1 to 3.20 of the Code. Revisions to an access arrangement cannot be opposed solely on the basis that the access arrangement as revised would not address a matter that section 3 of the Code does not require it to address. Subject to this, the Commission has a broad discretion in accepting or rejecting revisions to an access arrangement.

The Code (section 10.2) provides that, where there is more than one service provider in connection with a covered pipeline, with one the owner and the other the operator, responsibility for complying with the obligations imposed by the Code is allocated among them by their access arrangement(s). Subsequently, each service provider is responsible for complying with the responsibilities allocated to it.

In considering whether a revised access arrangement complies with the Code, the Commission must take into account the provisions of the access arrangement as it currently stands (section 2.46) and, pursuant to section 2.24 of the Code, the following factors:

- ⊗ the legitimate business interests and investment of the service provider;
- ⊗ firm and binding contractual obligations of the service provider or other persons (or both) already using the covered pipeline;
- ⊗ the operational and technical requirements necessary for the safe and reliable operation of the covered pipeline;
- ⊗ the economically efficient operation of the covered pipeline;
- ⊗ the public interest, including the public interest in having competition in markets (whether or not in Australia);

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<sup>1</sup> As this Final Decision is a decision to approve VENCORP's amended revisions to its access arrangement, a further final decision (Final Approval) under the Code is not required.

<sup>2</sup> VENCORP also lodged a statement of errata on 25 October 2002 which details a number of minor corrections to its access arrangement information submitted on 16 September 2002.

- ≈ the interests of users and prospective users; and
- ≈ any other matters that the Commission considers are relevant.

Attachment A to the Code sets out the access arrangement information that a service provider must disclose to interested parties. A copy of Attachment A is included as Appendix A to this Final Decision.

### **1.3 Public consultation**

Interested parties were invited to make written submissions to the Commission on its Draft Decision by Friday 13 September 2002. Submissions are available from the Commission's website ([www.accc.gov.au](http://www.accc.gov.au)). They are also placed on the public registers held by the Commission and the Code Registrar.

Copies of the revisions applications and associated documents are available from the Commission's website. Copies of this Final Decision may also be obtained from the Commission by contacting Ms Hema Berry (telephone (02) 6243 1233, fax (02) 6243 1205, e-mail [hema.berry@acc.gov.au](mailto:hema.berry@acc.gov.au)).

Any other inquiries should be directed to Mr Luke Griffin on (02) 6243 1059.

## 2. Background

The Principal Transmission System (PTS) and the Western Transmission System (WTS) were both owned by the Victorian Government entities Transmission Pipelines Australia Pty Ltd and Transmission Pipelines Australia (Assets) Pty Ltd at the time the Commission approved the PTS and the WTS access arrangements in 1998. Ownership of these pipelines subsequently passed to GPU GasNet Pty Ltd and then to GasNet Australia (Operations) Pty Ltd (GasNet). VENCORP remains the independent system operator of the PTS.

The Victorian Government enacted the Gas Pipelines Access (Victoria) Law, effective 1 July 1997, which brought the Code into force in Victoria (though certain provisions of the *Victorian Third Party Access Code for Natural Gas Pipeline Systems* (the Victorian Code) were grandfathered until the first scheduled review).

### 2.1 Victorian gas industry structure and regulatory framework

Relevant aspects of the Victorian gas industry structure include:

- ⌘ GasNet owns the PTS in Victoria, which until recently solely transported gas supplied from the Esso-BHP Billiton fields in the Gippsland Basin. VENCORP is the independent system operator of the PTS. The recent completion of the Interconnect Pipeline and the Southwest Pipeline also allows Cooper Basin and Otway Basin gas to be supplied via the PTS;
- ⌘ GasNet also owns the WTS, which until recently solely transported gas supplied from the on shore Otway Basin gas fields. Since completion of the Southwest Pipeline, Gippsland Basin gas has been supplied via the WTS. The TXU owned Underground Gas Storage (UGS) facility provides a source of peak gas flows via the Southwest Pipeline. GasNet proposed that the WTS and the Southwest Pipeline be included from the start of the second access arrangement period in a single access arrangement for the PTS;
- ⌘ since July 1998 the Interconnect Pipeline has linked the PTS with the Moomba to Sydney Pipeline (MSP) which is operated by East Australian Pipeline Ltd (EAPL). The section of the Interconnect Pipeline from Barnawartha to Culcairn forms part of the PTS, is owned by GasNet and operated by VENCORP. EAPL owns and operates the remainder of the Interconnect from Culcairn to Wagga Wagga. It allows southward flows of gas supplied by the Cooper Basin producers to Victoria and northward flows of Gippsland Basin gas to NSW;
- ⌘ Duke Energy International (DEI) owns and operates the Eastern Gas Pipeline (EGP) which commenced operations supplying Gippsland Basin gas to customers in NSW in 2000. It also owns the Tasmanian Gas Pipeline which commenced delivering Gippsland Basin gas to Tasmania in 2002; and
- ⌘ a number of new gas sources, located primarily in the Otway Basin, are expected to commence supply to the GasNet system and to South Australian customers in the short to medium term.

The main legislation and relevant documents regulating access to the Victorian gas transmission industry are:

- ≈ the Code, under which transmission service providers are required to submit access arrangements and revised access arrangements to the Commission for approval;
- ≈ the Gas Pipelines Access (South Australia) Act 1997; and
- ≈ the Gas Pipelines Access (Victoria) Act 1998.

In addition, certain provisions of the Victorian Code under which the Commission approved the PTS access arrangement in December 1998 have been grandfathered. Sub-section 24A(3) of the *Gas Industry Acts (Amendment) Act 1998* provides that access arrangements approved under the Victorian Code (such as the access arrangements for the PTS and WTS) continue to be subject to sections 3 and 8, (and section 9 so far as it applies to sections 3 and 8) and to sections 2.33 and 2.48A of the Victorian Code. These sections are not subject to the corresponding provisions of the Code until the first scheduled review of the access arrangements under section 2 of the Code.

The Code and appeals bodies in Victoria with respect to transmission pipelines are:

- ≈ the Commission – regulator and arbitrator;
- ≈ the National Competition Council – Code advisory body;
- ≈ the Commonwealth Minister – coverage decision maker;
- ≈ the Federal Court – judicial review; and
- ≈ the Australian Competition Tribunal – administrative appeal.

Parts of a number of regulatory instruments are currently included in the access arrangements. This reflects the institutional arrangements imposed by the Victorian Government in 1998 and 1999 when it reformed and privatised its integrated gas supply business. Further, as noted earlier, while GasNet owns the PTS and the WTS, the Victorian Government gave VENCORP the role of independent system operator for the PTS. Under the terms of the Code, both GasNet and VENCORP are service providers. Their access arrangements allocate responsibility between them for complying with the obligations imposed by the Code.

## **2.2 The initial access arrangement assessment**

On 16 December 1998, the Commission approved the following Victorian gas transmission access arrangements under provisions of the Victorian Code with initial access arrangement periods ending on 31 December 2002:

- ≈ access arrangement by Transmission Pipelines Australia Pty Ltd and Transmission Pipelines Australia (Assets) Pty Ltd for the PTS;

- ⌘ access arrangement by Transmission Pipelines Australia Pty Ltd and Transmission Pipelines Australia (Assets) Pty Ltd for the WTS;
- ⌘ access arrangement by VENCORP for the PTS.

### **2.3 The Draft Decision – 14 August 2002**

Following receipt of VENCORP's and GasNet's proposed revisions to their respective access arrangements on 28 March 2002, the Commission released an Issues Paper on 17 April 2002 and invited submissions on the proposals. On 14 August 2002, after assessing the proposals and considering the submissions received from interested parties, the Commission issued its draft decisions. Three amendments were specified in the Commission's Draft Decision on VENCORP's proposed revisions as set out below.

#### **Proposed amendment 1**

VENCORP must remove the fifth dot point of clause 5.2.2(a)(i) that provides for VENCORP to introduce a new commodity tariff in the form of a prudent discount.

#### **Proposed amendment 2**

VENCORP must amend its total annual demand forecasts in Table 23 and Table 24 of its revised access arrangement information so that they are consistent with those proposed in section 7 of GasNet's revised access arrangement information.

#### **Proposed amendment 3**

VENCORP must clarify Clause 5.1.1 of its revised access arrangement that VENCORP provides to users, not only VENCORP Reference Services, but also the transportation of gas through the PTS via the Market Carriage system under the MSOR.

As previously stated, following the Draft Decision, pursuant to section 2.37A of the Code, VENCORP lodged amended revisions. VENCORP submitted that its amended revisions comply with the Commission's Draft Decision, thereby leaving it open to the Commission to approve the amended revisions under section 2.38(b)(i). The following section assesses VENCORP's amended revisions to its access arrangement for consistency with the Draft Decision under section 2.38A of the Code.

### **3. Assessment of VENCORP'S amended access arrangement revisions**

#### **3.1 Proposed amendment 1 – prudent discounts**

The following amendment was proposed in the Draft Decision:

##### **Proposed amendment 1**

VENCORP must remove the fifth dot point of clause 5.2.2(a)(i) that provides for VENCORP to introduce a new commodity tariff in the form of a prudent discount.

VENCORP'S original proposal in relation to prudent discounts, submissions and the Commission'S considerations were presented on pages 12 to 15 of the Draft Decision. Prudent discounts were also discussed in relation to GasNet'S access arrangement in section 8.1.5 of the GasNet Draft Decision. In summary, the Commission required VENCORP to remove the section in its access arrangement providing for prudent discounts as:

- ⊗ VENCORP'S cost of service pricing policy reflects that it is a non-profit organisation. Therefore, VENCORP does not have the ability to absorb the cost of prudent discounts through its profit. By default, the cost of any prudent discounts would be passed on to other users, irrespective of regulatory approval; and
- ⊗ the Commission considers that it would be inappropriate for VENCORP to offer a prudent discount prior to specific regulatory approval.

VENCORP indicated in its submission of 13 September 2002 that it accepts the amendments set out in the Commission'S Draft Decision. Accordingly, VENCORP'S amended revised access arrangement no longer contains the fifth dot point of clause 5.2.2(a)(i) as originally proposed. Therefore, the Commission considers that VENCORP'S amended revisions comply with proposed amendment 1 of the Draft Decision.

#### **3.2 Proposed amendment 2 – demand forecasts**

The following amendment was proposed in the Draft Decision:

##### **Proposed amendment 2**

VENCORP must amend its total annual demand forecasts in Table 23 and Table 24 of its revised access arrangement information so that they are consistent with those proposed in section 7 of GasNet'S revised access arrangement information.

The issue of demand forecasts was discussed in the Commission'S Draft Decision on VENCORP'S proposed revisions in sections 2.3.2 and 3.2. Demand forecasts were also discussed in section 7.1 of the Commission'S Draft Decision on GasNet'S proposed revisions. The amendment was required as the forecasts adopted by VENCORP and GasNet were inconsistent. Interested parties consistently expressed a preference for consistent volumes between the two access arrangements, although most preferred

VENCorp's proposed volumes, which potentially would have resulted in slightly lower tariffs if adopted.

However, for the reasons set out in the Draft Decision, the Commission proposed to accept GasNet's proposed volume forecasts and therefore proposed an amendment to VENCORP's access arrangement so that the two access arrangements would be consistent.

Despite VENCORP's acceptance of the amendments proposed in the Draft Decision, VENCORP has submitted that the reduction in volume due to urban warming applied by GasNet (the reason for differing forecasts) is, in principle, incorrect.<sup>3</sup> Against VENCORP's submission however, GasNet has submitted that further analysis undertaken since its original lodgement in March 2002 reveals that the downward adjustment applied to the volume forecast was in fact insufficient to compensate for the warming trend.<sup>4</sup> This is discussed further in section 7.1 of the Final Decision on GasNet's proposed revisions.

In conclusion, the Commission has decided to confirm its proposal in its draft decisions with respect to volume forecasts. While not discussed explicitly in the draft decisions, the Commission has had to weigh the competing factors of section 2.24 of the Code in coming to its decision on this issue. Among other relevant factors, the Commission has had to balance the interests of users and prospective users against the legitimate business interests of the service provider.

VENCorp has complied with proposed amendment 2, revising its access arrangement information accordingly. In addition to Tables 23 and 24 specified in the proposed amendment, VENCORP has amended various other tables in the access arrangement information and its financial statements as a consequence of the amendment.

VENCorp has maintained tariffs at the levels originally proposed in its 28 March 2002 lodgement. Therefore, the lower volumes result in lower forecast revenues over the regulatory period of approximately \$0.34 million.<sup>5</sup>

### **3.3 Proposed amendment 3 – services policy**

The following amendment was proposed in the Draft Decision:

#### **Proposed amendment 3**

VENCorp must clarify Clause 5.1.1 of its revised access arrangement that VENCORP provides to users, not only VENCORP Reference Services, but also the transportation of gas through the PTS via the Market Carriage system under the MSOR.

Sections 3.1 and 3.2 of the Code require an access arrangement to include a policy on the service or services that the service provider will make available to users or prospective users. VENCORP outlined the reference services it will provide to users or

<sup>3</sup> VENCORP Submission to the ACCC on draft decisions on GasNet's and VENCORP's proposed Revised Access Arrangements for the PTS, 13 September 2002, p.8

<sup>4</sup> GasNet Submission to ACCC on Draft Decision, 20 September 2002, p.35-36

<sup>5</sup> VENCORP Submission to the ACCC on draft decisions on GasNet's and VENCORP's proposed Revised Access Arrangements for the PTS, 13 September 2002, p.9



prospective users of the PTS in section 5.2 of its proposed revised access arrangement of 28 March 2002. However, VENCORP's ability to provide its reference services is dependent upon GasNet making the PTS available to operate in accordance with the MSOR. However, GasNet proposed not to include a reference service in its revised access arrangement.

The view of many interested parties is that there needs to be certainty as to the relationship between GasNet and VENCORP over who provides services for the PTS.<sup>6</sup> VENCORP's proposed revised access arrangement of 28 March 2002 did not acknowledge that it is the entity that supplies the whole service to retailers. Accordingly, the Commission proposed that VENCORP make an amendment to clarify that it is VENCORP that provides to users, not only VENCORP reference services, but also the transportation of gas through the PTS via the Market Carriage system under the MSOR. In addition, section 11.1.5 of the Commission's Draft Decision for GasNet's revised access arrangement proposed that GasNet amend its revised access arrangement to include a reference service for the services it provides to VENCORP.

VENCORP's amended revisions submitted on 16 September 2002 included a revised services policy at clause 5.1.1 in accordance with the Commission's Draft Decision. The Commission has assessed the amendment made by VENCORP and considers that it complies with the Draft Decision. However, VENCORP stated that its amended revisions were contingent upon:

- ✗ amendments to Gasnet's Revised Access Arrangement consistent with the draft decision by the Commission in relation to GasNet's Services Policy; and
- ✗ the actual drafting of the amendments to GasNet's Revised Access Arrangement, which are yet to be completed.<sup>7</sup>

Services policy is discussed in section 11.1 of the Commission's Final Decision in relation to GasNet's proposed revised access arrangement. The amendment required to be made to GasNet's access arrangement should satisfy VENCORP and thereby validate VENCORP's amended revisions submitted on 16 September 2002.

VENCORP's amended services policy states that users must consult GasNet's access arrangement and the service envelope agreement (SEA) to understand what GasNet must provide in order for VENCORP to deliver its reference services. This effectively requires that the SEA be made publicly available. Section 11.2 of the Final Decision on GasNet's proposed access arrangement revisions discusses this issue and includes an amendment that requires that the SEA be made publicly available as in force from time to time.

The Commission's website has a copy of the SEA available, however it does not include changes made since 1998. The Commission requires GasNet and VENCORP to make available to users and prospective users the SEA as in force from time to time.

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<sup>6</sup> See submissions by Energex, DNRE, Pulse, TXU and BHP Billiton before the Commission's draft decisions for VENCORP and GasNet.

<sup>7</sup> VENCORP Submission to the ACCC on draft decisions on GasNet's and VENCORP's proposed Revised Access Arrangements for the PTS, 13 September 2002, p.5

This may be achieved by placing the SEA on (either or both of) VENCORP's and GasNet's respective websites.<sup>8</sup>

### **3.4 Other changes to VENCORP's amended revisions**

As part of the lodgement of its amended revised access arrangement, VENCORP included an index of all the changes made to the access arrangement and access arrangement information. This index includes the amendments proposed in the Draft Decision (and consequential changes) in addition to corrections for minor typographical errors and updates to items such as addresses and the current MSOR version. VENCORP also submitted a statement of errata on 25 October and 12 November 2002 detailing a number of minor corrections to its access arrangement information and appendix 5 to its access arrangement. The Commission has assessed each of the changes made and is satisfied that they are appropriate.

VENCORP also noted in its covering letter of 16 September 2002 that the Commission had not explicitly required changes to the MSOR to implement the changes to VENCORP's access arrangement that were proposed to be approved by the Draft Decision. The Commission notes that the consequential changes to the MSOR will in fact require variation to VENCORP's application for re-authorisation of the MSOR. The re-authorisation is the subject of a separate process under the TPA, with the current authorisation expiring at the end of this year. The Commission made its Draft Determination on VENCORP's application for re-authorisation on 16 October 2002. The Draft Determination is available on the Commission's web-site.

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<sup>8</sup> The Commission notes that certain elements of the SEA contain electronic memory intensive information including maps and other picture documents. The Commission does not expect such elements to be made available to Users and Prospective Users electronically.

## **4. Final Decision**

Pursuant to section 2.38(b)(i) of the Code, the Commission approves VENCORP's amended revisions to its access arrangement for the PTS dated 16 September 2002, including VENCORP's statement of errata dated 25 October 2002. The revised access arrangement will be effective from 1 January 2003.

As this Final Decision is a decision to approve VENCORP's amended revisions to its access arrangement, a further final decision (Final Approval) under the Code is not required.

## **Appendix A: Attachment A to the Code**

### **INFORMATION DISCLOSURE BY A SERVICE PROVIDER TO INTERESTED PARTIES**

Pursuant to Section 2.7 the following categories of information must be included in the Access Arrangement Information.

The specific items of information listed under each category are examples of the minimum disclosure requirements applicable to that category but, pursuant to Sections 2.8 and 2.9, the Relevant Regulator may:

- allow some of the information disclosed to be categorised or aggregated; and
- not require some of the specific items of information to be disclosed,

if in the Relevant Regulator's opinion it is necessary in order to ensure the disclosure of the information is not unduly harmful to the legitimate business interests of the Service Provider or a User or Prospective User.

#### **Category 1: Information Regarding Access & Pricing Principles**

Tariff determination methodology  
Cost allocation approach  
Incentive structures

#### **Category 2: Information Regarding Capital Costs**

Asset values for each pricing zone, service or category of asset  
Information as to asset valuation methodologies - historical cost or asset valuation  
Assumptions on economic life of asset for depreciation  
Depreciation  
Accumulated depreciation  
Committed capital works and capital investment  
Description of nature and justification for planned capital investment  
Rates of return - on equity and on debt  
Capital structure - debt/equity split assumed  
Equity returns assumed - variables used in derivation  
Debt costs assumed - variables used in derivation

#### **Category 3: Information Regarding Operations & Maintenance**

Fixed versus variable costs  
Cost allocation between zones, services or categories of asset & between regulated/unregulated  
Wages & Salaries - by pricing zone, service or category of asset  
Cost of services by others including rental equipment  
Gas used in operations - unaccounted for gas to be separated from compressor fuel  
Materials & supply  
Property taxes

**Category 4: Information Regarding Overheads & Marketing Costs**

Total service provider costs at corporate level  
Allocation of costs between regulated/unregulated segments  
Allocation of costs between particular zones, services or categories of asset

**Category 5: Information Regarding System Capacity & Volume Assumptions**

Description of system capabilities  
Map of piping system - pipe sizes, distances and maximum delivery capability  
Average daily and peak demand at "city gates" defined by volume and pressure  
Total annual volume delivered - existing term and expected future volumes  
Annual volume across each pricing zone, service or category of asset  
System load profile by month in each pricing zone, service or category of asset  
Total number of customers in each pricing zone, service or category of asset

**Category 6: Information Regarding Key Performance Indicators**

Industry KPIs used by the Service Provider to justify "reasonably incurred" costs  
Service provider's KPIs for each pricing zone, service or category of asset

## **Appendix B: Submissions**

The following interested parties provided submissions.

### ***Pre Draft Decision***

AGL Energy Sales & Marketing, 9 May 2002

Amcor and PaperlinX, 24 June 2002.

BHP Billiton Petroleum Pty Ltd, 17 May 2002, 21 June 2002, 18 July 2002

Department of Natural Resources and Environment, 22 May 2002

Duke Energy Australia Pty Ltd, 13 May 2002

EnergyAdvice Pty Ltd, 30 May 2002

Energy Action Group, 31 May 2002

ENERGEX Retail Pty Ltd, 9 May 2002

Energy Users Association of Australia, 4 June 2002 and 11 July 2002

Esso Australia Pty Ltd, 5 June 2002

Origin Energy Limited, 17 May 2002

Pulse United Energy, 16 May 2002

TXU, 3, May 2002 and 31 May 2002

### ***Post Draft Decision***

The following interested parties provided submissions on the Commission's Draft Decision. It should be noted that the vast majority of these submissions primarily relate to GasNet's proposed revisions to its access arrangement.

Exxon Mobil Gas Marketing, 10 September 2002

AusCID, 12 September 2002

VENCorp, 13 September 2002

Australian Gas Association, 13 September 2002

BHP Billiton, 13 September 2002, 11 October 2002

NECG, 13 September 2002

Energy Users Coalition of Victoria, 13 September 2002, 9 October 2002

Amcor and PaperlinX, 13 September 2002, 10 October 2002

TXU, 16 September 2002

Origin, 18 September 2002

AGL, 18 September 2002

Energy Advice, 19 September 2002

Energy Users Association, 20 September 2002

Santos, 20 September 2002

Customer Energy Coalition, 8 October 2002