



Decision

Access arrangement

## **Wagga Wagga natural gas distribution network**

**1 July 2010–30 June 2015**

April 2010

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## Shortened forms

access arrangement information	Country Energy Gas Pty Ltd, <i>Access arrangement information for the Wagga Wagga natural gas distribution network</i> , 1 July 2009
access arrangement information drafted by the AER	AER, <i>Access arrangement information for the AER's access arrangement proposal for the Wagga Wagga gas distribution network</i> , March 2010
access arrangement period	1 July 2010 to 30 June 2015
access arrangement proposal	Country Energy Gas Pty Ltd, <i>Access arrangement for the Wagga Wagga natural gas distribution network</i> , 1 July 2009
access arrangement proposal drafted by the AER	AER, <i>AER's access arrangement proposal for the Wagga Wagga gas distribution network</i> , March 2010
AER	Australian Energy Regulator
draft decision	AER, <i>Draft decision, Country Energy Wagga Wagga natural gas distribution network, Access arrangement proposal</i> , 1 July 2010–30 June 2015, November 2009
Country Energy	Country Energy Gas Pty Ltd
final decision	AER, <i>Final decision, Access arrangement proposal, Wagga Wagga natural gas distribution network</i> , 1 July 2010–30 June 2015, March 2010
NGR	National Gas Rules
revised access arrangement information	Country Energy Gas Pty Ltd, <i>Access arrangement information for the Wagga Wagga natural gas distribution network</i> , January 2010
revised access arrangement proposal	Country Energy Gas Pty Ltd, <i>Access arrangement for the Wagga Wagga natural gas distribution network</i> , January 2010

## **Background**

Country Energy Gas Pty Ltd's (Country Energy) Wagga Wagga gas distribution network has around 680 km of pipeline, delivers approximately 1.6 PJ of gas annually and supplies gas to over 18 700 customers located primarily in the districts of Wagga Wagga and its surrounding areas.<sup>1</sup>

Country Energy was established following the merger of Great Southern Energy, Advance Energy and NorthPower.<sup>2</sup> Country Energy is owned by the New South Wales (NSW) government.<sup>3</sup>

Wagga Wagga is supplied by gas from the Cooper Basin via a lateral pipeline off the Moomba-to-Sydney Pipeline. Gas is also sourced from the New South Wales-Victoria interconnection pipeline that runs from Wagga Wagga to Barnawatha (near Wodonga.)<sup>4</sup>

Country Energy's distribution network is classified as a covered distribution pipeline.<sup>5</sup>

## **Access arrangement proposal**

Country Energy submitted its access arrangement for the Wagga Wagga natural gas distribution network (access arrangement proposal) and access arrangement information for the Wagga Wagga natural gas distribution network (access arrangement information) on 1 July 2009. The Australian Energy Regulator (AER) published the access arrangement proposal and access arrangement information on 22 July 2009 and held a public forum on 28 July 2009 in Wagga Wagga.

## **Draft decision on service provider's access arrangement proposal**

On 11 November 2009, the AER released the Draft decision, Country Energy Wagga Wagga natural gas distribution network, access arrangement proposal, 1 July 2010-30 June 2015, November 2009 (draft decision) on the access arrangement proposal. The AER held a public forum via teleconference on the draft decision on 19 November 2009.

## **Revised access arrangement proposal**

On 6 January 2010, Country Energy submitted the access arrangement for the Wagga Wagga natural gas distribution network (revised access arrangement proposal) to the AER and the access arrangement information for the Wagga Wagga natural gas

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1 Country Energy, *Revised access arrangement information*, January 2010, pp. 5, 19.

2 Country Energy, *Revised access arrangement information*, January 2010, p. 5.

3 Country Energy, *Annual Report 2007-2008*, p. 4.

4 Pipeline Publications, *Map of major Australian Gas pipelines*, viewed 15 October 2009, <[http://pipeliner.com.au/pipeline\\_map\\_of\\_australia](http://pipeliner.com.au/pipeline_map_of_australia)>.

5 AEMC, *List of natural gas pipelines – description and classifications*, viewed 15 October 2009, <<http://www.aemc.gov.au/Gas/Scheme-Register/Pipeline-list-summary.html>>.

distribution network (revised access arrangement information) for the Wagga Wagga gas distribution network. Country Energy also submitted a response to the draft decision on the access arrangement proposal that identifies the amendments set out in the draft decision accepted by Country Energy and the reasons for Country Energy not accepting particular amendments proposed by the AER.<sup>6</sup> Country Energy provided additional information to support its revised access arrangement proposal during the consultation period on the draft decision and the revised access arrangement proposal.

## **Final decision on service provider's access arrangement proposal**

On 30 March 2010 the AER released the Final decision, access arrangement proposal, Wagga Wagga natural gas distribution network, 1 July 2010–30 June 2015, March 2010 (final decision) on the revised access arrangement proposal. The final decision does not approve Country Energy's revised access arrangement proposal. The final decision includes revisions required to the revised access arrangement proposal and the revised access arrangement information. The access arrangement proposal (including the access arrangement information) drafted by the AER is attached to the final decision.

The final decision states that in accordance with r. 64(4) of the National Gas Rules (NGR), the AER expects to make a decision on 23 April 2010 in respect of the access arrangement proposal drafted by the AER. This gives the AER an opportunity to review its access arrangement proposal for errors and omissions.

## **Review for errors and omissions**

The AER conducted its review and identified a number of errors and omissions in the documents which require correction. These errors and omissions have been corrected and the corrections have been incorporated in the access arrangement and access arrangement information published with this decision. The revisions set out in the appendix list errors and omissions (other than minor formatting changes) in the documents published with the final decision which are corrected.

## **Decision on the access arrangement**

In accordance with r. 64(4) of the NGR, the AER approves the access arrangement (including the access arrangement information) drafted by the AER for the Wagga Wagga gas distribution network published with this decision.

In accordance with r. 64(6) of the NGR, the access arrangement shall take effect on 1 July 2010.

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<sup>6</sup> Country Energy, *Response to the AER's draft decision on the Wagga Wagga natural gas distribution network access arrangement proposal*, January 2010.

## Appendix—Revisions

The AER makes the following revisions:

**Revision 1:** amend the access arrangement proposal drafted by the AER to:

- delete ‘AER’s access arrangement proposal’ from the title page and replace it with ‘Access arrangement’
- include ‘1 July 2010 – 30 June 2015’ after the heading on the title page
- delete ‘March 2010’ from the title page and replace it with ‘April 2010’
- delete ‘*Information*’ from section 1.4
- delete ‘period’ from the second paragraph under the heading ‘General Pass Through Event’ in section 12.5 and replace it with ‘*Period*’
- delete ‘tax change’ in the first paragraph of section 12.5.1(a) and replace it with ‘Tax Change’
- delete ‘an’ in the first paragraph of section 12.5.3(e) and replace it with ‘a’
- include the following expressions in the glossary:
  - ‘**Draft Decision** means the *Regulator’s* draft decision, *Country Energy Wagga Wagga natural gas distribution network, access arrangement proposal, 1 July 2010–30 June 2015*, November 2009.’
  - ‘**Final Decision** means the *Regulator’s* final decision, *access arrangement proposal, Wagga Wagga natural gas distribution network, 1 July 2010–30 June 2015*, March 2010.’
- delete the section number for section 14 and replace it with ‘13’; and update all cross-references to that section
- any text in italic font style in the ‘Change in the CPI’ definition in section 13 should be in regular font style
- update the table of contents.

**Revision 2:** amend the terms and conditions for appendix 1 of the access arrangement proposal drafted by the AER to:

- include ‘Appendix 1’ at the commencement of the title page
- delete ‘AER’s’ and ‘proposal’ from the title page
- delete ‘March 2010’ from the title page and replace it with ‘April 2010’

- delete ‘**(monthly capacity charge)**’ in clause 6.14(c) and replace it with ‘**(annual capacity charge)**’
- delete ‘*Monthly*’ in clause 6.14(c) and replace it with ‘*Annual*’
- delete ‘**(monthly fixed charge)**’ in clause 6.14(f) and replace it with ‘**(annual fixed charge)**’
- delete ‘*Monthly*’ in clause 6.14(f) and replace it with ‘*Annual*’
- delete ‘User’ in clause 12.2A and replace it with ‘*User*’
- include a full stop after ‘Regulator’ in the first line of clause 18.4
- delete ‘where’ in the first line of clause 18.4 and replace it with ‘Where’
- update the table of contents.

**Revision 3:** amend the access arrangement information drafted by the AER to:

- delete ‘AER’s access arrangement proposal’ from the title page and replace it with ‘access arrangement’
- include ‘1 July 2010 – 30 June 2015’ after the heading on the title page
- delete ‘March 2010’ from the title page and replace it with ‘April 2010’
- delete ‘AER’s *Access Arrangement*’ in section 1.1 and replace it with ‘*Access Arrangement*’
- delete all references to ‘AER’s final decision’ and replace them with ‘*Final Decision*’
- delete ‘proposed’ in the second bullet point of section 1.2
- all references to ‘Access Arrangement Information’ and ‘Access Arrangement’ in the second bullet point in section 1.3 should be in italic font style
- the reference to ‘Access Arrangement Information’ in the fourth bullet point in section 1.3 should be in italic font style
- delete all references to ‘Access Arrangement for the *Earlier Access Arrangement Period*’, ‘Access Arrangement for the Earlier Access Arrangement Period’ and ‘Access Arrangement for the *Earlier Access Arrangement Period*’ and replace them with ‘access arrangement for the *Earlier Access Arrangement Period*’
- delete ‘new an’ in the fourth bullet point in section 2.3.2 and replace it with ‘an’
- delete ‘cen’ in the third line of the fourth bullet point in section 2.3.2 and replace it with ‘cent’



- delete '2009-10 forecast' in the heading for the sixth column in tables 1, 2, 3, 4, 5, 6, 7 and 10 and replace it with '2009-10 <sup>a</sup>'; and include 'a: This includes forecast or estimated data' immediately after each table
- delete '*has*' in the third last line of the first paragraph under the heading 'Mains Rehabilitation' in section 2.3.2.1 and replace it with 'has'
- delete '*Gas Supply (Gas Meters)*' in the first line of the paragraph under the heading 'Meter Replacement' in section 2.3.2.1 and replace it with 'Gas Supply (Gas Meters)'
- delete '*meters*' in the first and seventh lines of the paragraph under the heading 'Meter Replacement' in section 2.3.2.1 and replace them with '*meters*'
- delete '*meter*' in the third and last lines of the paragraph under the heading 'Meter Replacement' in section 2.3.2.1 and replace them with '*meter*'
- delete '*meter*'s' in the eighth line of the paragraph under the heading 'Meter Replacement' in section 2.3.2.1 and replace it with '*meter*'s'
- delete all references to '*years*' in the paragraph under the heading 'Meter Replacement' in section 2.3.2.1 and replace them with '*years*'
- delete 'New' in the heading for table 6 and replace it with 'new'
- delete '*Access Arrangement allowances*' in the second paragraph of section 2.3.2.3 and replace it with 'access arrangement allowances'
- delete '*Access Arrangement*' in the first paragraph of section 2.3.3 and replace it with 'access arrangement'
- delete '*Access Arrangement*' in the heading for section 2.3.4 and replace it with 'access arrangement'
- delete '*Gas Supply*' in the second bullet point in section 2.3.4 and replace it with 'Gas Supply'
- delete '*Access Arrangement Period*' in the first line in section 2.3.5 and replace it with '*Access Arrangement Period*'
- delete '*supply*' in the seventh bullet point in section 2.3.5 and replace it with '*supply*'
- delete '*and*' in the third line in section 3.2 and replace it with 'and'
- delete 'by *Country Energy Gas,*' in the seventh bullet point of section 3.3
- delete '*The*' in the first line in section 4.1 and replace it with 'The'
- delete 'this information' in section 4.2

- delete ‘Country Energy’ in the second paragraph in section 4.3 and replace it with ‘*Country Energy Gas*’
- delete ‘0’ in the sixth column of table 10 and replace it with ‘1,400’
- delete ‘4,412’ in the sixth column of table 10 and replace it with ‘3,012’
- delete ‘2009-10’ in the heading for the sixth column in table 12 and replace it with ‘2009-10<sup>a</sup>’; and include ‘a: This includes forecast or estimated data’ immediately after the table
- include ‘*Period*’ at the end of the heading for tables 14, 16 and 17
- delete ‘Forecast Mains Refurbishment expenditure for the *Access Arrangement*’ in the heading for table 15 and replace it with ‘Forecast Mains Refurbishments capital expenditure for the *Access Arrangement Period*’
- delete ‘*Gas Supply (Gas Meters)*’ in the sixth paragraph of section 5.2.1.1 and replace it with ‘Gas Supply (Gas Meters)’
- include ‘(units as stated)’ at the end of the heading for table 18
- delete all references to ‘AER’s draft decision’ and replace them with ‘*Draft Decision*’
- delete ‘53’ in the first column with the heading ‘Total economic life’ and in the row with the heading ‘System Assets’ in table 19 and replace it with ‘53.4’
- delete ‘53’ in the first column with the heading ‘Total economic life’ and in the row with the heading ‘Total’ in table 19 and replace it with ‘52.5’
- include ‘is’ before ‘shown’ in the first paragraph of section 5.2.5
- delete ‘Proposed capital base *for the Access Arrangement*’ in table 20 and replace it with ‘Projected capital base for the *Access Arrangement Period*’
- delete ‘AER final decision’ in the last paragraph of section 5.3 and replace it with ‘*Final Decision*’
- include the following in table 21:
  - ‘(gearing)’ after ‘Debt to total asset’
  - ‘(%)’ after ‘**Nominal vanilla WACC**’
- delete ‘60.00’ in the second column with the heading ‘Parameter Value’ in table 21 and replace it with ‘60’
- delete ‘*Country Energy Gas* access arrangement information’ and ‘*Country Energy Gas* access arrangement’ in the last paragraph of section 5.3.6 and replace

them with ‘the *Access Arrangement Information*’ and ‘the *Access Arrangement*’ respectively

- delete ‘Country Energy Gas’ in the second last line of the fourth paragraph under the heading ‘Demand growth’ in section 6.1 and replace it with ‘*Country Energy Gas*’
- delete ‘Country Energy’ in the last line of the second paragraph under the heading ‘Real wage and material cost increases’ in section 6.1 and replace it with ‘*Country Energy Gas*’
- include the following in table 23:
  - a new row titled ‘**Controllable costs**’ above the row with the heading ‘*Network operations and maintenance*’
  - a new row titled ‘**Non controllable costs**’ above the row with the heading ‘Self insurance’
- delete ‘**Total non-capital costs**’ in table 23 and replace it with ‘**Total operating expenditure**’
- delete ‘standard control’ in the ETIt definition in section 6.1.5 and replace it with ‘pipeline’
- delete ‘Country Energy Gas’ in the ETIt definition in section 6.1.5 and replace it with ‘*Country Energy Gas*’
- delete ‘for the *Access Arrangement*’ in the second paragraph of section 6.1.5.1
- delete ‘2009-10’, ‘2010-11’, ‘2011-12’, ‘2012-13’ and ‘2013-14’ in tables 24 and 25 and replace them with ‘2010-11’, ‘2011-12’, ‘2012-13’, ‘2013-14’ and ‘2014-15’ respectively
- delete ‘final decision’ in the last paragraph of sections 6.1.6, 6.1.7 and 6.1.8 and replace them with ‘*Final Decision*’
- delete ‘**Total costs**’ in table 29 and replace it with ‘**Total**’
- include a superscript ‘b’ after ‘-12.8’ in table 29
- delete the references to ‘Country Energy Gas’ in the definitions for the formulas in section 8.2.2.1 and replace them with ‘*Country Energy Gas*’
- delete ‘access arrangement period in accordance with section 7.2’ in the  $X_t$  definition in the formulas in section 8.2.2.1 and replace it with ‘*Access Arrangement Period* in accordance with section 7.1 of the *Access Arrangement Information*’

- delete ‘section 14’ in the ‘ $\Delta CPI_t$ ’ definition in the formulas in section 8.2.2.1 and replace it with ‘section 13’
- include ‘of the *Access Arrangement*’ after ‘Appendix 2’ in section 8.2.2.2
- delete ‘13.4’ in section 8.2.3 and replace it with ‘12.5’
- delete ‘Emissions Trading Scheme’ in the eighth bullet point in section 8.2.3 and replace it with ‘Climate Change (Carbon Pollution Reduction Scheme)’
- delete the second paragraph in section 9.1 and replace it with ‘Refer to chapter 12 of the *Draft Decision* for further information.’
- delete ‘Table 31’ in section 10 and replace it with ‘Table 30’
- update the table of contents.

# Glossary

NSW

New South Wales

PJ

petajoule (equal to 1000 terajoules)