



**DRAFT DECISION**  
**Evoenergy**  
**Access Arrangement**

**2021 to 2026**

**Attachment 11**  
**Non-tariff components**

November 2020

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## Note

This attachment forms part of the AER's draft decision on the access arrangement that will apply to Evoenergy for the 2021–26 access arrangement period. It should be read with all other parts of the draft decision.

The draft decision includes the following documents:

Overview

Attachment 1 – Services covered by the access arrangement

Attachment 2 – Capital base

Attachment 3 – Rate of return

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

Attachment 8 – Efficiency carryover mechanism

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# 11 Non-tariff components

This attachment contains our draft decision and reasons on the non-tariff components of Evoenergy's access arrangement proposal for the 2021–26 access arrangement period. Collectively, the non-tariff components are as follows:

- the terms and conditions for the supply of reference services
- queuing requirements – a process or mechanism for establishing an order of priority between prospective users of spare and/or developable capacity<sup>1</sup>
- extension and expansion requirements – the method for determining whether an extension or expansion is part of the covered pipeline and the effect this will have on tariffs
- capacity trading requirements – the arrangements for users to assign contracted capacity and change receipt and delivery points
- change of receipt or delivery point by the user – the process or mechanism for changing a user's receipt or delivery point
- a review submission date and a revision commencement date.

Our assessment of each non-tariff component is set out below.

## 11.1 Draft decision

Our draft decision approves Evoenergy's proposed amendments for the non-tariff components of its 2021–26 access arrangement proposal, with the exception of two items relating to its terms and conditions (or Reference Service Agreement (RSA)) as set out in section 11.2.1.<sup>2</sup>

## 11.2 Terms and conditions

The National Gas Rules (NGR) require an access arrangement to specify the terms and conditions on which each reference service will be provided.<sup>3</sup> These must be consistent with the National Gas Objective (NGO).<sup>4</sup> This requires us to assess and balance the competing interests of the service provider, network users and consumers, in particular: the allocation of risk, where we consider the NGO is generally best served where a risk is borne by the party best able to manage it; and the need to ensure clarity and certainty, while avoiding an unduly prescriptive approach on commercial matters.

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<sup>1</sup> Although not required in the present case, all transmission pipelines and some distribution pipelines are also required to set out how any spare or developable capacity will be allocated among prospective users ('queuing requirements') – see NGR, r. 103.

<sup>2</sup> Evoenergy, *Reference Service Agreement, Evoenergy's gas distribution network, 1 July 2021 – 30 June 2026*, June 2020.

<sup>3</sup> NGR, r. 48(1)(d)(ii).

<sup>4</sup> NGR, r. 100.

We note that while some of Evoenergy’s proposed RSA amendments are non-contentious and aimed at simplifying the document (such as replacing some provisions with cross-references to equivalent provisions in the NGR), some of the other proposed RSA amendments are more contentious (such as network disconnection of customers) as evidenced in retailer submissions.<sup>5</sup>

Evoenergy’s consumer engagement in preparing its 2021–26 proposal has generally been well received by stakeholders, particularly from the Consumer Challenge Panel (CCP24),<sup>6</sup> Energy Consumers Australia (ECA)<sup>7</sup> and the ACT Council of Social Service (ACTCOSS).<sup>8</sup> Additionally, Origin Energy submitted:<sup>9</sup>

“Origin acknowledge the stakeholder engagement program undertaken by Evoenergy and commend Evoenergy for the thoroughness and inclusiveness of the program.”

In developing its proposed RSA amendments, Evoenergy directly engaged all six network users, including holding meetings with two retailers (ActewAGL and Weston Energy). In submissions received, one retailer (ActewAGL) was generally supportive of Evoenergy’s proposed RSA amendments and sought additional clarity, whereas two other retailers (EnergyAustralia and Origin Energy) expressed concern with certain aspects of Evoenergy’s proposed RSA amendments in line with similar concerns raised by these retailers in previous submissions made to the completed Jemena Gas Networks (JGN) 2020–25 access arrangement review.<sup>10</sup>

### 11.2.1 Draft decision

Our draft decision approves Evoenergy’s proposed RSA amendments in its 2021–26 access arrangement proposal, with the exception of two items which we do not expect to be an issue at the revised proposal stage.<sup>11</sup>

Based on staff level discussions with Evoenergy, we understand that Evoenergy inadvertently included one redundant item (clause 15.9(c)) in its initial proposal, and it is giving active consideration to adopting stakeholders’ views on the other item (clause 12(b)(i)) in its revised proposal. In summary:

- clause 15.9(c) relates to the disconnection request process under the RSA, in particular, Evoenergy may recover its additional costs from the user where the

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<sup>5</sup> See submissions from: EnergyAustralia, *Evoenergy – Proposed Access arrangement 2021–26 – 1 July 2020*, August 2020; Origin Energy, *Evoenergy access arrangement proposal*, August 2020.

<sup>6</sup> CCP24, *Advice to the Australian Energy Regulatory on Evoenergy gas network 21 plan for Evoenergy (ActewAGL) ACT, Queanbeyan and Palerang access arrangement July 2021–June 2026*, August 2020.

<sup>7</sup> Energy Consumers Australia, *Evoenergy and Australian Gas Networks (SA) Gas access arrangement proposals 2021–26 submission*, August 2020.

<sup>8</sup> ACTCOSS, *Submission: Evoenergy’s gas network 2021–26 access arrangement proposal to the Australian Energy Regulator*, August 2020.

<sup>9</sup> Origin Energy, *Evoenergy access arrangement proposal*, August 2020, pp. 1 and 6.

<sup>10</sup> AER, *Final decision, JGN access arrangement 2020–25, Attachment 11 – Non-tariff components*, June 2020.

<sup>11</sup> Evoenergy, *Reference Service Agreement, Evoenergy’s gas distribution network, 1 July 2021 – 30 June 2026*, June 2020.

costs of disconnection or abolishment exceeds the applicable ancillary charge in the access arrangement; and

- clause 12(b)(i) relates to a delivery point being deleted from the Customer List 20 business days from the date of disconnection.

We will confirm our position on the above items in our final decision.

We have assessed stakeholder submissions. On balance, we consider Evoenergy's proposed RSA for the 2021–26 period represents an improvement over the current period (2016–21) RSA as:

- it has been informed by a reasonable level of stakeholder engagement;
- it generally maintains the allocation of risks between Evoenergy and other parties to the RSA; and
- in developing its proposed RSA, Evoenergy has had regard to similar and relevant issues raised by retailers in submissions, and addressed by the AER, in the completed JGN 2020–25 access arrangement review.<sup>12</sup>

We acknowledge Evoenergy's engagement with stakeholders, including retailers, since submitting its 2021–26 proposal. We also acknowledge the difference in stakeholder views on some of the more contentious aspects of the proposed RSA, such as gas quality specification, retailer-requested disconnections by Evoenergy, and the liability and indemnity regime.

Whilst Evoenergy and retailers (EnergyAustralia and Origin Energy) did not fully resolve the issues, we accept the justification Evoenergy has provided for its proposed RSA amendments. With respect to gas quality specification and the impact on network charges where Evoenergy is unable to disconnect a customer, we accept there is no change in risk allocation between Evoenergy and users in the proposed RSA as compared to the current period RSA. With respect to the liability and indemnity regime, we accept that Evoenergy's proposed change to risk allocation under the proposed RSA achieves an acceptable balance between Evoenergy and users.

We also note that the RSA remains subject to a continuous improvement process, whereby it is formally reviewed and amended at each access arrangement review. This does not prevent Evoenergy from continuing discussions with individual parties to work through their specific issues and circumstances.

We encourage Evoenergy and stakeholders to continue to engage on issues relating to gas quality specification, retailer-requested disconnections by Evoenergy and the liability and indemnity regime after our decision, potentially at an industry working group level. For example, this work could be coordinated by Energy Networks Australia (ENA), or prioritised and advanced by one of the Australian Energy Market Operator's (AEMO) industry working groups.

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<sup>12</sup> AER, *Final decision, JGN access arrangement 2020–25, Attachment 11 – Non-tariff components*, June 2020.

Our expectation is for Evoenergy to continue to work with retailers following our decision, particularly in relation to performance standards applicable to Evoenergy to help retailers to better manage their businesses and customers' expectations.

Section 11.2.2 below summarises Evoenergy's proposed RSA amendments.

Section 11.2.3 presents a summary stakeholder submissions, including our responses.

## 11.2.2 Evoenergy's proposal

Evoenergy sets out and gives reasons for its proposed RSA amendments in Appendix 11.4 of its 2021–26 proposal.<sup>13</sup>

We note that some the proposed RSA amendments are aimed at simplifying the document (such as updating definitions, reflecting recent regulatory changes and removing obsolete clauses/definitions), whilst other proposed amendments are more substantive (such as disconnection and suspension of delivery points, amendments to liability and indemnity provisions, and amendments to insurance requirements).

In its proposal, Evoenergy also notes the following characteristics of its network:<sup>14</sup>

- There are approximately 146,000 customers connected to Evoenergy's network and it delivers gas to these customers under RSAs with six users.
- Evoenergy's network is regulated by both the ACT and NSW Governments in respect of the network's technical and operational requirements and the network's quality and reliability.
- Gas is supplied to Evoenergy's network from production fields via a chain of bilateral contractual arrangements between gas producers, wholesalers, pipeline operators, retailers and self-contracting users. As Evoenergy is not party to these arrangements, it relies on its users to ensure that the gas Evoenergy receives and on-delivers meets regulatory requirements.

## 11.2.3 Issues raised by stakeholders

We received stakeholder submissions on Evoenergy's proposed RSA amendments from ActewAGL, EnergyAustralia and Origin Energy, as set out below.

### **ActewAGL's submission**

ActewAGL submitted the following comments on clause 15.9(c) of Evoenergy's proposed RSA regarding the disconnection and abolishment of delivery points:<sup>15</sup>

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<sup>13</sup> Evoenergy, *Appendix 11.4 – Explanation of reasons for changes to Reference Service Agreement, Access arrangement information, ACT and Queanbeyan-Palerang gas distribution network 2021–26*, June 2020.

<sup>14</sup> *Ibid.*, p. 2.

<sup>15</sup> ActewAGL, *Evoenergy Access Arrangement 2021–26*, August 2020, p. 3.



“ActewAGL considers it would be valuable to provide further clarification in this clause, specifically as regards [to] the process to recover ‘additional costs’. ActewAGL recommends the clause be amended, or expanded, to state that any additional costs need to be agreed by the User prior to works commencing. This will ensure transparency and minimise potential customer harm.”

We have considered the issue raised by ActewAGL. Based on staff level discussions with Evoenergy, we understand that Evoenergy inadvertently included clause 15.9(c) in its initial proposal and will remove the clause from its upcoming revised proposal, as the clause is redundant given the proposed amendments to the process for providing offers for disconnection or abolishment of demand customer delivery points.

### **EnergyAustralia’s submission**

EnergyAustralia submitted the following comments on Evoenergy’s proposed RSA amendments:<sup>16</sup>

“Our comments on Evoenergy’s RSA reflect our prior and unresolved concerns on JGN’s RSA, which it in part proposes to adopt:”

- a rebalancing of the liability and indemnity regime
- new requirements for insurance for users and for Evoenergy
- updating of the clauses for disconnection processes and arrangements.”

In terms of EnergyAustralia’s detailed comments:<sup>17</sup>

- Clause 10.1(b): “Although this clause was in the proceeding RSA, EnergyAustralia do not believe this indemnity should be as encompassing and poorly defined as ‘safety of the public’ and ‘security of the network’. EnergyAustralia suggest Evoenergy include ‘safety of the public’ and ‘security of the network’ in ‘Definitions and Interpretation’, to clearly outline what threshold of incident would be included under these terms.”
- Clause 26.3: “EnergyAustralia does not support the inclusion of broad indemnities into the RSA, as we do not believe this does not incentivise networks to take the necessary precautions to ensure these liability events do not occur. We do not believe it is reasonable to allow indemnity on Evoenergy from achieving ‘specification or pressure requirements’; specifically, pressure requirements as this [is] solely the remit of Evoenergy.”

We have considered the issues raised by EnergyAustralia.

We note that the terms “safety of the public” and “security of the network” are used in Regulation 24(2)(a) of the *Gas Supply (Safety and Network Management) Regulation 2013 (NSW)*.

We also note that the indemnities in Evoenergy’s proposed RSA are consistent with the indemnities we approved previously for JGN in its 2020–25 RSA. We consider the

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<sup>16</sup> EnergyAustralia, *Evoenergy – Proposed Access arrangement 2021–26 – 1 July 2020*, August 2020, p. 3.

<sup>17</sup> *Ibid*, p. 3.

indemnity is reasonable and appropriate as Evoenergy has no control over the quality and pressure of gas supplied at network receipt points, as these matters are controlled by the transmission pipeline which delivers gas into the network on behalf of network users.

In making our draft decision, we have had regard to the allocation of risks in the terms and conditions. As noted in section 11.2.1, we consider that issues relating to gas quality specification, retailer-requested disconnections by Evoenergy and the liability and indemnity regime could be advanced further by Evoenergy and stakeholders at the industry working group level. This could include discussion around the type and level of reasonable performance standards that could be applied to Evoenergy in future access arrangement periods.

### **Origin Energy's submission**

Origin Energy submitted the following comments on Evoenergy's proposed RSA amendments:<sup>18</sup>

- **Clause 12(b)(i)**: "Evoenergy propose that Volume Customer Delivery Points will be deleted from the Customer List 20 business days from the date of disconnection. Origin consider that Volume Customer Delivery Points should be disconnected from the Customer List from the date of disconnection...consistent with the approach adopted by Jemena Gas Networks (NSW)."
- **Clause 15.9(a)**: "The current RSA make it an absolute obligation to complete the disconnection, unless the specific exception relating to preconditions under Law or the Customer Connection Contract applies. In contrast, the latest version, in effect, reduces the obligation to 'reasonable endeavours'...Rather than increasing the incentives for Evoenergy to maximise its disconnection performance in the overall interests of consumers, we consider the latest changes are likely to weaken those incentives further...Origin prefers an absolute obligation to complete disconnection, unless the specific exception relating to the preconditions under Law or the Customer Connection Contract applies."
- **Clause 15.9(c)**: "Clause 15.9(c) proposes that where Evoenergy's costs exceed the applicable Ancillary Charge for the disconnection, reconnection or abolishment of a Demand Customer Delivery Point, Evoenergy may recover from the User its additional costs reasonably incurred in disconnecting, reconnecting or abolishing the Delivery Point. Origin does not agree with this clause. Ancillary charges are created specifically to allocate charges to works performed. This could expose Origin to charges that customers have not agreed to and may expose Origin to unrecoverable costs."
- **Clause 15.9(d)**: "Origin consider that clause 15.9(d) of the RSA removes the liability on Evoenergy for a disconnection when it is unable to obtain clear and safe access to perform the work required for disconnection or abolishment...Origin consider that clause 15.9(d) should be deleted, consistent with the position under the current RSA."
- **Liability for ongoing network and energy charges**: "Origin is seeking a means to ensure Evoenergy is appropriately incentivised to disconnect expeditiously to minimise financial

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<sup>18</sup> Origin Energy, *Evoenergy access arrangement proposal*, August 2020, p. 5–7.

consequences for retailers. We consider that, under the current and proposed RSA, there is no incentive for Evoenergy to efficiently and effectively perform disconnections...Origin request the AER's involvement in the development of a disconnections service standard incorporating a mutually agreeable timeframe for requested disconnections that delivers an appropriate sharing of risk and incentivises the disconnection process.

- Clause 15.9(f)(ii): "Origin consider that the words 'and to access the site and perform the work' should be deleted. Origin consider that there are already sufficient general obligations in relation to cooperation and sharing information within the RSA and under the NERR, and that this additional inclusion only serves to blur the lines as to responsibility for completing a disconnection."
- Clause 16.5(d): "Origin note that our current sales agreements cover the distributors access to a site without approval and in instances of an emergency. The agreements however, also require that Origin consult and gain consent from the customer for any additional metering equipment. Accordingly, the clause may raise issues under these circumstances. In particular, while Origin have a broad ability to pass on distributor costs to our customers, there is no specific reference to additional metering equipment. As a consequence, Origin may experience difficulties recouping associated costs from customers. Origin propose that Evoenergy and Origin share responsibility and act reasonably to rectify access to metering equipment. Further, Origin suggest that Evoenergy be required to consult with the customer and user (to gain consent) for any additional metering equipment before proceeding."
- Clause 16.7: "Origin note that it does not control the customer site and is therefore unable to identify safe access points or warrant other options on behalf of customers. As a result, Origin could potentially be liable if it fails to discuss the issue with the customer and the replicated location for the equipment causes the customer some type of loss. Similar to the above, Origin believes that the consequence of no site access should be shared with Evoenergy such that Evoenergy engage with the user and the customer and review access options available."
- Clauses 27.2(b)(C) & (D): "Origin is concerned that these clauses may expose retailers to financial losses. In particular, there is no indication of how liability would be shared amongst claimants...Origin consider that it is Evoenergy's responsibility to manage their potential exposure to their many users – that should not limit a retailer's right to recover amounts to which they are entitled. Accordingly, we request that Evoenergy reconsider the clauses in light of these issues."

We have considered the issues raised by Origin Energy.

As noted earlier, Evoenergy inadvertently included redundant clause 15.9(c) in its initial proposal and will remove the clause from its upcoming revised proposal. In addition, based on staff level discussions with Evoenergy, we understand that Evoenergy is giving active consideration to adopting Origin Energy's preference for reducing the current 20 business days period to the date of disconnection in respect of clause 12(b)(i) in its revised proposal.

We note that clause 15.9(a) in Evoenergy's proposed RSA is consistent with the clause we approved previously for JGN in its 2020–25 RSA, and the change has been made for the purposes of clarification.

We note that clause 15.9(d) in Evoenergy’s proposed RSA is consistent with the clause we approved previously for JGN in its 2020–25 RSA, and accept that the service provider should not be liable for breach of the RSA where it is unable to obtain clear and safe access to the delivery station subject to using reasonable endeavours.

We note that clause 15.9(f)(ii) in Evoenergy’s proposed RSA is consistent with the clause we approved previously for JGN in its 2020–25 RSA. Whilst responsibility for performing a disconnection rests with Evoenergy, the clause recognises that the retailer may have information which could assist Evoenergy in performing the disconnection, such as customer contact details.

We note that clause 16.5(d) in Evoenergy’s proposed RSA is consistent with the clause we approved previously for JGN in its 2020–25 RSA. The clause requires Evoenergy to consult with the retailer except in an emergency, and does not impose any obligation on the retailer and allows the retailer to involve the customer in the consultation.

We note that clause 16.7 in Evoenergy’s proposed RSA is consistent with the clause we approved previously for JGN in its 2020–25 RSA. The clause recognises that there may be circumstances where Evoenergy is unable to safely access metering equipment at a site, and requires Evoenergy to consult with the retailer before taking action and allows the retailer to involve the customer in the consultation.

We note that clauses 27.2(b)(C) & (D) in Evoenergy’s proposed RSA are consistent with clauses we approved previously for JGN in its 2020–25 RSA, other than for the financial amounts.

In making our draft decision, we have had regard to the allocation of risks in the terms and conditions. As noted in section 11.2.1, we consider that issues relating to gas quality specification, retailer-requested disconnections by Evoenergy and the liability and indemnity regime could be advanced further by Evoenergy and stakeholders at the industry working group level. This could include discussion around the type and level of reasonable performance standards that could be applied to Evoenergy in future access arrangement periods.

### **11.3 Queuing requirements**

Queuing can be used to determine access to a pipeline that is fully, or close to being fully, utilised. Queuing requirements establish the priority that a prospective user has, compared to other prospective users, to obtain access to spare and developable capacity on a covered pipeline.<sup>19</sup>

A distribution pipeline can typically accommodate new users. This is because, unlike transmission pipelines, distribution networks tend not to operate close to full capacity. Also, if use at one point in the network is nearing capacity, the service provider will

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<sup>19</sup> NGR, r. 103(3).

normally undertake augmentation of the network to meet the needs of prospective users.

Rule 103(1)(b) of the NGR requires a service provider to include queuing requirements in an access arrangement for a distribution pipeline where notified as such by the AER. If such an AER notification is issued, rule 103(2) of the NGR requires queuing requirements to be included in the access arrangement commencing from the first access arrangement period after the date of the notification.

Under rule 103(3) of the NGR, queuing requirements must establish a process or mechanism (or both) for establishing an order of priority between prospective users of spare or developable capacity (or both) in which all prospective users (whether associates of, or unrelated to, the service provider) are treated on a fair and equal basis.

Rule 103(4) of the NGR suggests how the order of priority might be determined (e.g. on a first-come-first-served basis, or on the basis of a publicly notified auction). Additionally, rule 103(5) of the NGR requires queuing requirements to be sufficiently detailed to enable prospective users to understand the basis on which an order of priority is determined.

Evoenergy notes that the AER has not given notice under rule 103 of the NGR to include queuing requirements in its 2021–26 access arrangement.<sup>20</sup> On this basis, Evoenergy proposes to delete section 13 ('Queuing') from its 2021–26 access arrangement and include a statement that cross-references rule 103 ('Queuing requirements') of the NGR. In addition, Evoenergy proposes to delete the terms 'Queue', 'Queuing Policy', 'Priority Date' and 'Developable Capacity' from Schedule 1 ('Definitions') of its 2021–26 access arrangement as they are not otherwise used in the document.<sup>21</sup>

Evoenergy's proposed amendments to section 13 of its 2021–26 access arrangement deletes all current provisions relating to its queuing process (i.e. forming a queue, conditions applicable on queue, procedure when capacity can be made available, priority of prospective users in obtaining services, compensation for holding capacity, and other general process related matters). This is replaced with a statement that cross-references rule 103(1)(b) of the NGR where similar queuing process related provisions reside:<sup>22</sup>

"This Access Arrangement does not need to include queuing requirements unless, in accordance with rule 103(1)(b) of the National Gas Rules, the Relevant Regulator has notified the Service Provider that this Access Arrangement must contain queuing

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<sup>20</sup> Evoenergy, *Attachment 11 – Network access, Access arrangement information, ACT and Queanbeyan-Palerang gas distribution network 2021–26*, June 2020, p. 11-6.

<sup>21</sup> *Ibid.*, and Evoenergy, *Appendix 11.3 – Table of reasons for changes to Access Arrangement, Access arrangement information, ACT and Queanbeyan-Palerang gas distribution network 2021–26*, June 2020, p. 10.

<sup>22</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang Regional gas distribution network, 1 July 2021 –30 June 2026*, June 2020, section 13.

requirements. At the Commencement Date, the AER has not notified the Service Provider of the need to include queuing requirements.”

With the queuing requirements established under rule 103 of the NGR (i.e. requiring a process and/or mechanism for establishing an order of priority, queuing requirements must be sufficiently detailed), we are satisfied that Evoenergy’s proposed approach is reasonable. We consider that Evoenergy’s proposal is reasonable.

Our draft decision is to accept Evoenergy’s proposed amendments for queuing in its 2021–26 access arrangement.

## 11.4 Extension and expansion requirements

These provisions specify the method for deciding whether an extension or expansion occurring during an access arrangement period will be treated as part of the covered pipeline and, if so, the impact this will have on reference tariffs.<sup>23</sup> An ‘extension’ allows the pipeline to service new locations, while an ‘expansion’ increases the amount of gas an existing length of pipeline can carry.

Extension and expansion requirements are set out in rule 104 of the NGR.

- the access arrangement may state whether it will apply to incremental services to be provided as a result of a particular extension to the pipeline, or outline how this may be dealt with at a later time<sup>24</sup>
- the access arrangement must state it will apply to incremental services to be provided as a result of any expansion to the capacity of the pipeline and deal with the effects of the expansion on tariffs<sup>25</sup>
- if the access arrangement is to apply to incremental services to be provided as a result of an extension to the pipeline, the requirements must deal with the effect of the extension on the opening capital base, the description of reference services specified in the access arrangement proposal, and tariffs<sup>26</sup>
- the requirements cannot require the service provider to provide funds for extension or expansion works unless the service provider agrees.<sup>27</sup>

Evoenergy’s proposal seeks to align the wording of section 10 (‘Extensions and Expansions Policy’) of its 2021–26 access arrangement with rule 104 (‘Extension and expansion requirements’) of the NGR, and clarify which expansions and extensions will

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<sup>23</sup> Rule 48(1)(g) for full access arrangements, r. 45(1)(f) for limited access arrangements for light regulation pipeline services, r. 129(1)(f) for limited access arrangement for international pipelines, and r. 24(2)(c)(v) for CTP access arrangements.

<sup>24</sup> NGR, rr. 104(1), 104(2).

<sup>25</sup> NGR, r. 104(3).

<sup>26</sup> NGR, r. 104(4).

<sup>27</sup> NGR, r. 104(5).

form part of its network.<sup>28</sup> This includes defining Evoenergy’s network by reference to the pipelines set out at clauses 1.3 and 1.4 of its 2021–26 access arrangement.<sup>29</sup>

Our draft decision is to accept Evoenergy’s proposed amendments for extensions and expansions in its 2021–26 access arrangement.

## 11.5 Capacity trading requirements

An access arrangement must set out capacity trading requirements, which deal with the transfer of a user’s contracted capacity to another user.<sup>30</sup>

- Capacity trading requirements are set out in rule 105 of the NGR.
- the requirements must provide for the transfer of capacity in accordance with relevant rules/Procedures governing the relevant gas market in which the service provider is a registered participant, or in accordance with rule 105 if the service provider is not a registered participant or the rules/Procedures do not deal with capacity trading<sup>31</sup>
- a user may, without the service provider’s consent, transfer, by way of subcontract, all or any of the user’s contracted capacity to a third party subject to rights, obligations and notification requirements set out in the rules<sup>32</sup>
- a user may, with the service provider’s consent, transfer all or any of the user’s contracted capacity to a third party subject to rights, obligations and contractual consequences set out in the rules.<sup>33</sup> In this case, the service provider must not withhold its consent unless it has reasonable grounds, based on technical or commercial considerations, for doing so<sup>34</sup>
- the requirements may specify in advance conditions under which consent will or will not be given, and conditions to be complied with if consent is given.<sup>35</sup>

Evoenergy has proposed additional wording to section 11 (‘Capacity Trading policy’) of its proposed 2021–26 access arrangement to reflect that its current (2016–21) RSA does not provide for contracted capacity to a user. Evoenergy proposes to provide such capacity, if required, in accordance with rule 105 (‘Capacity trading requirements’) of the NGR.<sup>36</sup>

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<sup>28</sup> Evoenergy, *Attachment 11 – Network access, Access arrangement information, ACT and Queanbeyan-Palerang gas distribution network 2021–26*, June 2020, p. 11-6.

<sup>29</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang Regional gas distribution network, 1 July 2021 – 30 June 2026*, June 2020.

<sup>30</sup> NGR, r. 48(1)(f).

<sup>31</sup> NGR, r. 105(1).

<sup>32</sup> NGR, r. 105(2).

<sup>33</sup> NGR, r. 105(3).

<sup>34</sup> NGR, r. 105(4).

<sup>35</sup> NGR, r. 105(6).

<sup>36</sup> Evoenergy, *Appendix 11.3 – Table of reasons for changes to Access Arrangement, Access arrangement information, ACT and Queanbeyan-Palerang gas distribution network 2021–26*, June 2020, p. 9.

Our draft decision is to accept Evoenergy’s proposed amendments for capacity trading in its proposed 2021–26 access arrangement.

## 11.6 Changing receipt or delivery points

An access arrangement must set out the terms and conditions for changing receipt and delivery points.<sup>37</sup>

Requirements for changing receipt or delivery points by a user are set out in rule 106 of the NGR.

- an access arrangement must provide for the change of a receipt or delivery point by a user, with the service provider’s consent, where the service provider must not withhold its consent unless it has reasonable grounds, based on technical or commercial considerations, for doing so.<sup>38</sup>
- the access arrangement may specify in advance conditions under which consent will or will not be given, and conditions to be complied with if consent is given.<sup>39</sup>

Evoenergy’s proposal seeks amendments to section 12 (‘Changing Receipt and Delivery Points’) of its proposed 2021–26 access arrangement for the purpose of consistency with defined terms elsewhere in its access arrangement.<sup>40</sup>

For consistent purposes, our draft decision is to accept Evoenergy’s proposed amendments for changing receipt and delivery points in its proposed 2021–26 access arrangement.

## 11.7 Review submission date and revision commencement date

Rule 49(1) of the NGR requires that a full access arrangement that is not voluntary must contain a review submission date and a revision commencement date and must not contain an expiry date.

Under the NGR:<sup>41</sup>

- a ‘review submission date’ means a date on or before which an access arrangement revision proposal is required to be submitted
- a ‘revision commencement date’ means the date fixed in the access arrangement as the date on which revisions resulting from a review of an access arrangement are intended to take effect.

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<sup>37</sup> NGR, r. 48(1)(h).

<sup>38</sup> NGR, r. 106(1).

<sup>39</sup> NGR, r. 106(2).

<sup>40</sup> Evoenergy, *Appendix 11.3 – Table of reasons for changes to Access Arrangement, Access arrangement information, ACT and Queanbeyan-Palerang gas distribution network 2021–26*, June 2020, p. 10.

<sup>41</sup> NGR, r. 3.



Rule 50(1) of the NGR requires Evoenergy, as part of its access arrangement proposal, to propose a 'review submission date' and a 'revision commencement date'. The proposed revision commencement date must be not less than 12 months after the proposed review submission date.

Under rule 50(2) of the NGR, we must approve the dates proposed by Evoenergy if we are satisfied that those dates are consistent with the NGO and the revenue and pricing principles and if the proposed revision commencement date is not less than 12 months after the proposed review submission date.

Evoenergy has proposed a review submission date of 30 June 2025 and a revision commencement date of 1 July 2026.<sup>42</sup>

The access arrangement period for Evoenergy's 2021–26 access arrangement is 1 July 2021 to 30 June 2026. The access arrangement period for Evoenergy's subsequent 2026–31 access arrangement is likely to be 1 July 2026 to 30 June 2031.

Our draft decision is to accept Evoenergy's proposed review submission date and revision commencement date for its proposed 2021–26 access arrangement.

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<sup>42</sup> Evoenergy, *Access arrangement for the ACT and Queanbeyan-Palerang Regional gas distribution network, 1 July 2021 –30 June 2026*, June 2020, cl. 1.9.

## 11.8 Revisions

We require the following revisions to Evoenergy’s proposed RSA to make the access arrangement proposal acceptable:

**Table 11.1 Evoenergy’s non-tariff component revisions**

Revision	Amendment
Revision 11.1	Make all necessary amendments to reflect our draft decision on the proposed RSA for the 2021–26 access arrangement period, as set out in section 11.2.1.

In other attachments to this draft decision, we highlight areas of Evoenergy’s access arrangement proposal for the 2021–26 period where we require further information and/or amendment by Evoenergy in its revised proposal. For further information on those matters, we refer to the following attachments:

- Attachment 2 – Capital base
- Attachment 4 – Regulatory depreciation
- Attachment 7 – Corporate income tax
- Attachment 8 – Efficiency carryover mechanism
- Attachment 9 – Reference tariff setting
- Attachment 10 – Reference tariff variation mechanism
- Attachment 12 – Demand

## A Reference Service Agreement

This draft decision for Evoenergy approves an access arrangement for the 2021–26 access arrangement period, as well as a Reference Service Agreement which is a schedule to the access arrangement.

Both documents have been published as separate documents as part of our 2021–26 draft decision for Evoenergy. Please refer to those separate documents for “clean” and “tracked” (comparing our 2021–26 draft decision to Evoenergy’s 2021–26 initial proposal) versions of the approved draft decision documents.

## Shortened forms

Shortened form	Extended form
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CCP/CCP24	Consumer Challenge Panel, sub-panel 24
ENA	Energy Networks Australia
JGN	Jemena Gas Networks (NSW) Ltd
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
RSA	Reference Service Agreement