

STATEMENT OF REASONS

Jemena Gas Networks (NSW) gas distribution tariff variation for 2019–20

On 15 April 2019, Jemena Gas Networks applied to the AER for variation of its distribution tariffs for the period 1 July 2019 to 30 June 2020. The application is based on the 2015–20 access arrangement (incorporating revisions required by the AER remade decision) approved by the AER on 28 February 2019 (2015–20 access arrangement). On 24 May 2019, Jemena Gas Networks submitted a revised tariff variation notice to the AER to correct minor errors.

The AER has considered Jemena Gas Networks' (NSW) revised application for the variation of distribution tariffs for the period 1 July 2019 to 30 June 2020, submitted on 24 May 2019 in accordance with Jemena Gas Networks' (NSW) 2015–20 access arrangement.

The AER is satisfied that Jemena Gas Networks' (NSW) application complies with the relevant principles and formulae set out in the 2015–20 access arrangement.

Having considered Jemena Gas Networks' (NSW) revised proposal of 24 May 2019 stating the nature of the proposed 2019–20 tariffs, the AER approves these tariffs for commencement on 1 July 2019.

The approved 2019–20 distribution tariffs are set out in the section below.

Jemena Gas Networks (NSW)

a) Demand Capacity Rate

Customer Type	Tariff Class	Unit Rate – dollars per GJ of Chargeable Demand (CD) per annum (\$/GJ.CD.pa) Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars					
		First 50 GJ of CD	Next 150 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Volume	VRT-03	456.731	427.666	204.781	148.530	125.069	114.358
	VRT-04	753.583	705.628	324.371	229.461	190.541	173.152
	VRT-06	157.138	147.139	74.625	64.226	64.206	63.969
	VRT-10	245.201	229.597	110.511	86.892	76.283	75.767
Demand	DC-1	310.196	290.457	136.994	104.551	92.212	92.150
	DC-2	344.588	322.659	151.017	113.886	96.537	82.828
	DC-3	456.731	427.666	204.781	148.530	125.069	114.358
	DC-4	753.583	705.628	324.371	229.461	190.541	173.152
	DC-5	2027.410	889.971	466.515	324.897	255.351	196.726
	DC-6	157.138	147.139	74.625	64.226	64.206	63.969
	DC-7	504.536	472.429	220.669	160.335	140.035	119.568
	DC-8	950.455	889.971	466.515	324.897	255.351	196.726
	DC-9	73.691	69.001	53.564	53.387	52.874	52.195
	DC-10	245.201	229.597	110.511	86.892	76.283	75.767
	DC-11	950.455	889.971	466.515	324.897	255.351	196.726
	DC-Country	Demand Capacity Rate for DC-Country is comprised of two components of demand charge: (i) the Capacity Distance Rate; and (ii) the Pressure Reduction Rate. See tables Capacity Distance Rate (clause 4.1(b)), and Pressure Reduction Rate (clause 4.1(c)) below. These charges will be calculated for each Delivery Point and expressed as a single rate \$/GJ.CD per annum for billing purposes.					

b) DC Country Demand Capacity Rate, Component 1 – Capacity Distance Rate

Customer Type	Tariff Class	Distance Unit Rate – dollars per GJ of Chargeable Demand per annum per km (\$/(GJ.CD).pa per km) Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars					
		First 50 GJ of CD	Next 150 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-Country	66.727	62.481	27.195	18.129	14.422	10.955

Rates apply per km of the straight line distance from the relevant country Receipt Point rounded up to the nearest 0.5 km as determined by the Service Provider

c) DC Country Demand Capacity Rate, Component 2 – Pressure Reduction Rate

Customer Type	Tariff Class	Pressure Reduction Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars					
		First 50 GJ of CD	Next 150 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-Country	23.683	22.176	9.649	6.435	5.117	3.887

d) Demand Capacity Rates for Discounted DCFR Tariffs

Customer Type	Tariff Class	Demand Capacity Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) Period ending 30 June 2020
Demand	DCFR-6	Demand Capacity Rates set out in clause 4.1(a) for the DC-6 tariff less 50%.

e) Fixed Charges and Demand Throughput Rates for Discounted DMTFR Tariff

Customer Type	Tariff Class	Fixed Charge – dollars per annum Period ending 30 June 2020	Demand Throughput Unit Rates – (\$/GJ) Period ending 30 June 2020
Demand	DMTFR-3	Fixed Charge set out in clause 4.1(i) for the DMT-3 tariff less 50%.	Demand Throughput Rates set out in clause 4.1(f) for the DMT-3 tariff less 50%

f) Demand Throughput Rate

Customer Type	Tariff Class	Demand Throughput Rate (\$/GJ) Period ending 30 June 2020 Minimum chargeable quantity of 833 GJ/month Prices are real 2019-2020 GST exclusive dollars		
		First 1667 GJ per month	Next 2500 GJ per month	Rest
Demand	DT	5.16	4.18	3.71

Customer Type	Tariff Class	Demand Throughput Rate (\$/GJ) Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars		
		First 41,667 GJ per month	Next 41,667 GJ per month	Rest
Demand	DMT-1	0	0.230	0.209
	DMT-2	0	0.230	0.211
	DMT-3	0	0.399	0.341
	DMT-4	0	0.885	0.827
	DMT-5	0	1.088	1.062

g) Provision of Basic Metering Charges

Customer Type	Tariff Class	Standing Charge : \$/pa per Delivery Station Charges based on Delivery Point MHQ Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars					
			MHQ<10 GJ/hr	MHQ 10 to < 50 GJ/hr	MHQ 50 to < 100 GJ/hr	MHQ 100 to <1000 GJ/hr	MHQ 1000 GJ/hr and greater
Demand	All Demand Classes	Single Run	8,403	10,425	17,790	23,109	29,598
		Double Run	14,183	18,227	32,957	43,596	56,576
Volume	VRT 03, 04, 06, 10	Single Run	8,403	10,425	17,790	23,109	29,598
		Double Run	14,183	18,227	32,957	43,596	56,576

h) Volume Throughput Rate

Customer Type	Tariff Class	Volume Throughput Rate (\$/GJ) Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars					
Volume Individual	Block size (GJ per month)	First 0.63 GJ	Next 0.62 GJ	Next 1.50 GJ	Next 80.75 GJ	Next 333.5 GJ	All additional
		First 1.89 GJ	Next 1.86 GJ	Next 4.50 GJ	Next 242.25 GJ	Next 1000.5 GJ	
	VI-Coastal	22.310	7.244	6.890	6.810	6.224	3.367
	VI-Country	21.826	7.029	6.649	6.568	5.971	3.114
Customer Type	Tariff Class	Volume Throughput Rate (\$/GJ) Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars					
Volume Boundary	Block size (GJ per month)	First 20.83 GJ	Next 20.83 GJ	Next 41.66 GJ	All additional		
		First 62.49 GJ	Next 62.49 GJ	Next 124.90 GJ			
	VB-Coastal	18.045	6.467	6.127	5.933		
	VB-Country	17.653	6.275	5.913	5.725		

i) Fixed Charge

Customer Type	Tariff Class	Standing Charge – dollars per annum Period ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars
Volume Individual	VI-Coastal & VI-Country	51,814
Volume Boundary	VB-Coastal & VB-Country	1535,670
Demand	DMT-1	234,498.00
	DMT-2	258,982.00
	DMT-3	315,304.00
	DMT-4	583,998.00
	DMT-5	1,094,998.00

Ancillary Charges

Ancillary Charges applicable to all Tariff Classes Period Ending 30 June 2020 Prices are real 2019-2020 GST exclusive dollars		
Fee Type	Description	Charge
Hourly Charge – non-standard User-initiated requests and queries	<p>The assessment of a User's or Prospective User's requirements, collation of information and provision of a response to a User or Prospective User in relation to non-standard requests and queries. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> large customer connection or upgrade inquiries requiring additional investigation by the Service Provider due to the nature of the request; and requests for measurement data additional to data provided in standard reports. <p>Not applicable to the processing of connections and alterations under Part 12A of the National Gas Rules.</p>	\$132, plus \$132 per hour after the first hour
Disconnection (small and large customers)	<p>Disconnection of supply to a single Delivery Point at the request of the User or Customer and where the User or Customer also requests that the meter is not to be moved or removed.</p> <p>For small customers, the charge also covers the cost of subsequent reconnection made in accordance with National Energy Retail Law or Rules, the Reference Service Agreement, or in other circumstances (at the Service Provider's discretion, acting reasonably) where Delivery Station components and pipework are still installed at the Delivery Point and can be re-energised without alteration or replacement.</p> <p>A request for disconnection is also a request to remove a Delivery Point from the User's Service Agreement.</p> <p>The specific method of disconnection will be at the discretion of the Service Provider, to ensure the site is able to be left in a safe state.</p> <p>Reconnection of small customers in circumstances other than those described above and reconnection of large customers would require a new connection and a new Request for Service to be made.</p> <p>(This charge is for providing disconnection services in accordance with the relevant Applicable Law in force at the Effective Date.)</p>	\$152 Charge applies per meter set
Temporary disconnection for large customers	<p>Disconnection of supply to a single Delivery Point on a temporary basis at the request of a User for a large customer (as classified by the Service Provider at the time the request is received). The charge also covers the cost of subsequent reconnection.</p> <p>A request for temporary disconnection of a large customer is not a request to remove a Delivery Point from the User's Service Agreement. Distribution charges will continue to apply and the MHQ and MDQ (if any) for a Delivery Point will be maintained.</p> <p>The specific method of isolation will be at the discretion of the Service Provider, to ensure the site is able to be left in a safe state.</p> <p>(This charge is for providing disconnection and reconnection in accordance with the relevant Applicable Law in force at the Effective Date.)</p>	\$152 Charge applies per meter set
Decommissioning and meter removal	<p>Permanent decommissioning of a Delivery Point including the removal of the meter.</p> <p>A request for decommissioning and meter removal is also a request to remove a delivery point from the User's Service Agreement.</p>	Charges apply per meter:
	<p>The specific method of disconnection will be at the discretion of the Service Provider, to ensure the site is able to be left in a safe state.</p> <p>Subsequent reconnection of the Delivery Point is not included. Reconnection of small and large customers would require a new connection and a new Request for Service to be made.</p> <p>(This charge is for providing disconnection services in accordance with the relevant Applicable Law in force at the Effective Date.)</p>	(i) meters with a capacity of less than or equal to 6m ³ /hr: \$1063 (ii) meters with a capacity of greater than 6m ³ /hr: \$2215
Special Meter Reads	<p>For meter reading requested by a User for a Delivery Point that is in addition to the scheduled ordinary meter reading comprised in the Haulage Reference Service (for instance, when the meter reader makes a special visit to read a particular meter out of the usual meter reading route or schedule). This service must be scheduled by the User with the Service Provider in accordance with the NSW Retail Market Procedures.</p>	\$14.80 per meter read