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STATEMENT OF REASONS

Jemena Gas Networks New South Wales 2018–19 gas tariff variations

On 4 May 2017, Jemena Gas Networks (JGN) applied to the AER for variation of its New South Wales (NSW) distribution tariffs for the period 1 July 2018 to 30 June 2019. The application is based on the enforceable undertaking entered into between JGN (NSW) and the AER on 23 April 2018.

The AER has considered JGN's application for the variation of the JGN NSW distribution tariffs for the period 1 July 2018 to 30 June 2019 in accordance with enforceable undertaking.

The AER is satisfied that JGN's application is compliant.

Having considered JGN's proposal of 4 May 2018 stating the nature of the proposed tariffs, the AER approves these tariffs for commencement on 1 July 2018. The approved 2018–19 distribution tariffs are set out in the section below.

Jemena Gas Networks

Haulage reference service tariffs (excl. GST)

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 2019 Prices are real 2018-2019 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	450.556	421.884	202.012	146.522	123.378	112.812
	VRT-04	743.395	696.088	319.986	226.359	187.965	170.811
	VRT-06	155.014	145.150	73.616	63.358	63.338	63.104
	VRT-10	241.886	226.493	109.017	85.717	75.252	84.186
Demand	DC-1	306.002	286.530	135.142	103.138	90.965	90.904
	DC-2	339.929	318.297	148.975	112.346	95.232	20.707
	DC-3	450.556	421.884	202.012	146.522	123.378	112.812
	DC-4	743.395	696.088	319.986	226.359	187.965	170.811
	DC-5	2000.000	877.939	460.208	320.505	251.899	194.066
	DC-6	155.014	145.150	73.616	63.358	63.338	63.104
	DC-7	497.715	466.042	217.686	158.167	138.142	117.951
	DC-8	937.605	877.939	460.208	320.505	251.899	194.066
	DC-9	67.606	63.304	49.141	48.979	49.415	56.734
	DC-10	241.886	226.493	109.017	85.717	75.252	84.186
	DC-11	937.605	877.939	460.208	320.505	251.899	194.066
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 2019 Prices are real 2018-2019 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	65.825	61.636	26.827	17.884	14.227	10.807

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 2019 Prices are real 2018-2019 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	23.363	21.876	9.519	6.348	5.048	3.834

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 2019
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 2019	Demand Throughput Unit Rates – (\$/GJ) Period ending 30 June 2019
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 2019 Minimum chargeable quantity of 833 GJ/month Prices are real 2018-2019 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 2019 Prices are real 2018-2019 GST exclusive dollars		
		First 41,667 GJ per month	Next 41,667 GJ per month	Rest
Demand	DMT-1	0	0.227	0.206
	DMT-2	0	0.227	0.208
	DMT-3	0	0.394	0.336
	DMT-4	0	0.873	0.816
	DMT-5	0	1.073	1.162

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 2019 Prices are real 2018-2019 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	8,289	10,284	17,549	22,797	29,198
		Double Run	13,991	17,981	32,511	43,007	55,811
Volume	VRT 03, 04, 06, 10	Single Run	8,289	10,284	17,549	22,797	29,198
		Double Run	13,991	17,981	32,511	43,007	55,811

h) Volume Throughput Rate

Customer Type	Tariff Class	Volume Throughput Rate (\$/GJ) Period ending 30 June 2019 Prices are real 2018-2019 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
Block size (GJ per qtr)	First 1.89 GJ		Next 1.86 GJ	Next 4.50 GJ	Next 242.25 GJ	Next 1000.5 GJ	
VI-Coastal	21.920		7.185	6.807	6.729	6.150	3.327
VI-Country	21.444		6.972	6.569	6.489	5.900	3.077

Customer Type	Tariff Class	Volume Throughput Rate (\$/GJ) Period ending 30 June 2019 Prices are real 2018-2019 GST exclusive dollars			
		Volume Boundary	Block size (GJ per month)	First 20.83 GJ	Next 20.83 GJ
Block size (GJ per qtr)	First 62.49 GJ		Next 62.49 GJ	Next 124.90 GJ	
VB-Coastal	18.045		6.467	6.127	6.165
VB-Country	17.653		6.275	5.913	5.949

i) Fixed Charge

Customer Type	Tariff Class	Standing Charge – dollars per annum Period ending 30 June 2019 Prices are real 2018-2019 GST exclusive dollars
		Volume Individual
Volume Boundary	VB-Coastal & VB-Country	1535.670
Demand	DMT-1	231,327.41
	DMT-2	255,481.11
	DMT-3	311,040.74
	DMT-4	576,102.53
	DMT-5	1,080,192.18

j) Ancillary Charges

Ancillary Charges applicable to all Tariff Classes Period Ending 30 June 2019 Prices are real 2018-2019 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>	\$100, plus \$100 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>	\$150 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>	\$150 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: (i) meters with a capacity of less than or

Ancillary Charges applicable to all Tariff Classes

Period Ending 30 June 2019

Prices are real 2018-2019 GST exclusive dollars

	<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>	<p>equal to 6m³/hr: \$1050</p> <p>(ii) meters with a capacity of greater than 6m³/hr: \$2188</p>
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>	<p>\$14.80 per meter read</p>