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### ***Australian Gas Networks (SA) – 2021-26 Gas Access Arrangement***

AGL would like to take this opportunity to comment on the Australian Gas Networks (AGN) access arrangement revised proposal (Revised Proposal) for its South Australian gas distribution network for the period from 1 July 2021 to 30 June 2026. This Revised Proposal largely accommodates the changes requested in the *Draft Decision: Australian Gas Networks (SA) Access Arrangement 2021 to 2026*, released by the Australian Energy Regulator (AER) in November 2020.

AGL is supportive of the AER's Draft Decision and therefore commend AGN for largely aligning its Revised Proposal with the AER's recommendations. The Revised Proposal appears to be limited to well considered and efficient expenditure and provides an improvement in affordability with real reductions in customer's network prices.

This is not surprising given the comprehensive stakeholder engagement of AGN. AGL along with many other retailers participated in AGN's Retailer Reference Group and during this process was provided detailed information in advance of and during the AER's consultation period. AGL appreciate that many of its concerns or issues were therefore resolved prior to this point.

However, AGL continues to have concerns with the current practice on the South Australian gas network that a retailer will continue to pay network charges for a disconnected site, despite there being no customer or gas usage at that delivery point.

#### **Terms and conditions: Distribution Service charges.**

Section 20.2 of the general terms and conditions of the AGN Access Arrangement details when a gas retailer is liable for network charges at any distribution point.

It confirms that a gas retailer is liable for the network charges of its customer at a delivery point except when the gas retailer is prohibited by law from recovering these network charges from the customer. This clearly aligns with the National Gas Rules (NGR).



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In contrast, s20.2(a) deems that the gas retailer is liable for any network charges at the delivery point, despite there being no customer. In AGL's view, this clause:

- contradicts rule 503 of the NGR which only requires a retailer to pay the distribution service charges in respect of each shared customer. If there is no customer then there should be no obligation to pay distribution service charges; and
- is inconsistent with rule 508(1) of the NGR which acknowledges that if a retailer is not permitted to recover network charges from a customer under the NERL or NERR then the network is also not permitted to recover those charges from the retailer. This infers that a retailer should not be liable for network charges it cannot recover - this is clearly the case when no customer exists.

AGL believes this practice is generally inconsistent with the intent of the national regulatory framework of effective and equitable pass through of distribution service charges. The suggestion that this could be avoided by retailers if they decommissioned vacant delivery points ignores the fundamental situation that there is no customer and the significant network charges incurred for decommissioning a delivery point would be a further cost on gas retailers.

AGL would highlight that this same issue was recently resolved in the AER's approval of the Jemena Gas Networks (NSW) Access arrangement for the 2020-25 period.

Jemena Gas Networks amended its Retail Service Agreement (RSA) in its Access Arrangement so that a gas retailer was no longer liable to pay network charges for a disconnected delivery point from the day the customer disconnected.

AGL encourages the AER and AGN to discuss how this can also be accomplished within this Access Arrangement.

Should you have any questions in relation to this submission, please contact [REDACTED]

Yours sincerely

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Patrick Whish-Wilson  
Senior Regulatory Manager