



26 November 2010

**Mr Warwick Anderson
General Manager
Network Regulation North Branch
Australian Energy Regulator**

Email: qldsagas@aer.gov.au

APT Allgas Access Arrangement 2011 - 2016

Dear Mr Anderson,

AGL Energy Limited (**AGL**) welcomes the opportunity to comment on the proposals submitted for APT Allgas Gas Networks Access Arrangement (**Access Arrangement**) for the period 1 July 2011 to 30 June 2016.

APT Allgas is proposing to alter the definitions of Demand Customer and Volume Customer. The definitions of Demand Customer and Volume Customer has been expanded to now be based upon usage and MDQ. It is our view that the amendment to the definitions of Demand Customer and Volume Customer would place an unnecessary burden and AGL would argue that it is not in the interests of Network Users and end-use customers to amend these definitions.

AGL strongly urges that APT Allgas reconsiders the proposal of excluding the relighting of appliances during Reconnection of a Service. AGL is concerned of the safety aspects surrounding customers attempting to relight appliances.

We note the proposal of a Surcharge where permitted by the National Gas Rules. We request that the requirements of clause 83(2) of the National Gas Rules also be considered in the drafting of this clause.

A summary of AGL's key concerns is provided in Attachment A and Attachment B tables specific responses to the Terms and Conditions.

Should you have any questions in relation to this submission, please contact Sallie Proctor, Manager Regulatory Compliance and Advice on (03) 8633 7871 or at sproctor@agl.com.au
Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alex Cruickshank'.

Alex Cruickshank
Head of Energy Regulation

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ATTACHMENT A

AGL Submission: APT Allgas Access Arrangement 2011–2016

Volume Customer Services

We note that APT Allgas is proposing to alter the definition of a Volume Customer. The definition of a Volume Customer has been expanded to now be a customer who is 'reasonably expected' to withdraw a quantity of Natural Gas of less than 10TJ per Year and have a Maximum Daily Quantity (**MDQ**) of less than 50GJ.

Historically the trigger for a Basic meter to be installed is on the annual consumption of the site and not an MDQ level. There are established protocols within the Procedures to request the amendment from a basic to an Interval meter and vice versa which are based upon annual consumption levels.

AGL seeks greater clarity around the mechanisms and procedures for the implementation of this arrangement.

Whilst APT Allgas has proposed criteria for delivery points that might qualify for this tariff, there are practical implementation issues to be resolved, such as:

- The definition of 'reasonably expected' within this section
- Identification of any potential system changes within Industry; and
- it introduces the complexity that a domestic customer with a MDQ greater than 50GJ will now be classified as a Demand Customer.

It is our view that the amendment to the definition of a Volume Customer would place an unnecessary burden and AGL would argue that it is not in the interests of Network Users and end-use consumers to amend the definition of a Volume Customer.

Demand Customer Services

APT Allgas is proposing to alter the definition of a Demand Customer. The definition of a Demand Customer has been expanded to now be a customer who is reasonably expected to withdraw a quantity of Natural Gas of greater than 10TJ per Year or have an MDQ of 50GJ or greater.

Historically the trigger for a site to receive an Interval meter is on the annual consumption of the site and not an MDQ level. There are established protocols within the Procedures to request the amendment from Interval to Basic meter and vice versa based upon annual consumption levels.

AGL seeks greater clarity around the mechanisms and procedures for the implementation of this arrangement.

Whilst APT Allgas has proposed criteria for delivery points that might qualify for this tariff, there are potential implementation issues to be resolved, such as:

- there are no existing protocols within the Procedures to request the amendment from Interval to Basic meter and vice versa based upon MDQ;
- this would potentially require retailers to alter their system and process to cater for this change;
- it introduces the complexity that a domestic customer with a MDQ greater than 50GJ will now be classified as a Demand Customer; and

The amendment to the definition of a Demand Customer would place an unnecessary burden and AGL would argue that it is not in the interests of Network Users and end-use consumers to amend the definition of a Demand Customer.

Reference Ancillary Services

With respect to 'Special Meter Read Fees', it is not clear whether a Special Meter Read Fee is applied per site visit or applied per meter read at the premises. AGL requests that the Service Provider specify the circumstances under which the fee will be applied.

With respect to Inlet Reconnection Service – physical reconnection of a Delivery Point, AGL notes that the services proposed to be undertaken by APT Allgas when undertaking an 'Inlet Reconnection Service' have changed. APT Allgas now exclude the relighting of any appliances installed at the place or premises to which gas is delivered through the Delivery Point under the Volume Customer Service. AGL is concerned of the safety aspects surrounding customers attempting to relight appliances.

AGL strongly urges that APT Allgas reconsiders this proposal and seek the reintroduction of this service within the process of conducting an Inlet Reconnection Service – physical reconnection.

Additional Services

We agree that any service other than a Reference Ancillary Service should be classified as a Non-Reference Ancillary Service. We suggest that the heading of this section, section 2.2, be altered to reflect Non-Reference Ancillary Service.

AGL requests that APT Allgas seeks prior approval from the AER on the introduction of Non-Reference Ancillary Services. To ensure transparency we also request that APT Allgas is required to make these public and also publish the complete list of Non-Reference Ancillary Services.

Surcharge

We note that APT Allgas is proposing a Surcharge where permitted by the National Gas Rules and will notify the AER of any proposed Surcharge. As required within the National Gas Rules and specifically clause 83(2), AGL requests that any Surcharge should be approved by the AER prior to the charge being implemented. We would also request that APT Allgas provide a basis for the calculation of the Surcharge and a complete list of the events which would trigger a Surcharge. We request the inclusion of these additional items to enable visibility of when the Surcharge would be applied.

Reference Tariff Variation Mechanisms

We have a number of issues around the references tariff policy, which are enumerated below.

- With respect to clause 4.4 of the Access Arrangement, AGL does not agree with the proposed term of Volume Customer Service (as defined in 2.1.2 of the Access Arrangement) and AGL seeks APT Allgas refer to the previous term.
- With respect to clause 4.5.2 of the Access Arrangement, AGL notes that there is no requirement within this clause for the Service Provider to refer any price adjustments for Reference Ancillary Services to the AER for approval prior to implementing the new Reference Ancillary Service.

AGL requests amendment to this clause requiring that any charges for the Reference Ancillary Services be submitted to the AER for approval at least one month prior to the commencement of the revised charge.

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Tariff variation process

Annual variations in network tariffs are proposed to be submitted by the Service Provider to the AER for approval at least 40 business days before 1 July. The proposal allows for AER to approve the annual variations within 30 business days. The proposed timing implies that network charges will have been approved by the AER at least 10 business days before 1 July. AGL's view is that this allows insufficient time for Users to implement variations to their own retail tariffs. AGL suggests that the final approved network tariffs should be provided to all Users at least 30 business days before 1 July, to allow for the calculation of new retail tariffs (with network pass-through), testing and implementation of the new rates in retail billing engines. It is our view that this can be achieved by having the Service Provider submit network tariff variations to the User at least 40 business days before 1 July each year.

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| ATTACHMENT B – APT Allgas Terms & Conditions | | | | |
|--|--------------|---|---|---|
| Section | | Proposal | Issue | AGL’s Proposed Approach and suggested rewording of a specific Clause |
| 3. Capacity Management | | | | |
| 3.2 | MDQ Overruns | <p>Where a Demand Customer Delivery Point has Interval Metering and a Demand Customer’s actual MDQ exceeds their nominated MDQ at that Demand Customer Delivery Point:</p> <p>(a) For the first time in 12 month period, APT Allgas will not adjust the nominated MDQ; or</p> <p>(b) For the second time in a 12 month period, the nominated MDQ will be adjusted to reflect the highest recorded MDQ in that period, and the adjusted MDQ will be binding on that Demand Customers</p> | <p>AGL acknowledges the proposed amendments to this section. We note that there is no explanation of what constitutes the 12 month period. Is this the preceding 12 months from the time that the nominated MDQ was exceeded?</p> | <p>AGL suggests amendment to 3.2(b) to:</p> <p>For the second time in the preceding 12 month period, the nominated MDQ will be adjusted to reflect the highest recorded MDQ in that period, and the adjusted MDQ will be binding on that Demand Customers</p> |

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| Section | | Proposal | Issue | AGL’s Proposed Approach and suggested rewording of a specific Clause |
| 3.3 | Reduction in MDQ | APT Allgas has proposed protocols to request a reduction in MDQ for Demand Customer Delivery Points, the form that the request must take. | AGL does not support the expansion of the definition of a Demand Customer to now include MDQ within the definition. Any development of a protocol to communicate information should not occur within an Access Arrangement but be referred to the appropriate reference groups within Industry, specifically, AEMO. The adoption of agreed industry practice is to ensure consistency across participants and not create divergence across a jurisdiction. | AGL does not support the defining of business to business (b2b) protocols within an Access Arrangement. |
| 8. Charges, invoicing and payments | | | | |
| 8.3(c) | Invoicing | Describing each item with sufficient information to enable the User to reconcile the Charges at an individual customer level | This clause has been amended from DUOS charges to mean amounts payable for Reference or Non-Reference Services. | AGL is concerned that the term has been expanded to Reference and Non-Reference Service charges and request justification for this amendment. |
| 8.6 | Disputed Tax Invoices | If those officers fail to resolve the dispute within 21 Days, each party shall comply with Part 16 | AGL request the inclusion of the source document associated with Part 16. | AGL suggests that APT Allgas includes the name of the document associated with Part 16. |

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| 19 Force Majeure | | | | |
| 19.1(a)(ii) | Effect of Force Majeure | Which obligations the Precluded Party is precluded from performing ('Affected Obligations') | AGL is unsure if the term 'Affected Obligation' is defined | AGL seeks clarification if 'Affected Obligation' is a Defined Term and if it is then we request the inclusion of this Defined Term to be included into the glossary section of the Access Arrangement |
| 19.1(a)(iii) | Effect of Force Majeure | The extent to which the Force Majeure Event precludes the Precluded Party from performing the Affected Obligations ('Precluded Extent') | AGL is unsure if the term 'Precluded Extent' is defined and if the word 'Event' should remain. | AGL seeks clarification if 'Precluded Extent' is a Defined Term and if it is then we request the inclusion of this Defined Term to be included into the glossary section of the Access Arrangement. We also seek clarification on the use of 'Extent' or 'Event' |
| 19.1(b) | Effect of Force Majeure | The Precluded Party's obligation to perform the Affected Obligations will, to the Precluded Extent, be suspended for the duration of the actual delay arising directly out of the Force Majeure Event ('Actual Delay') | AGL is unsure if the term 'Actual Delay' is defined | AGL seeks clarification if 'Actual Delay' is a Defined Term and if it is then we request the inclusion of this Defined Term to be included into the glossary section of the Access Arrangement |

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| Section | | Proposal | Issue | AGL's Proposed Approach and suggested rewording of a specific Clause |
|--------------------|----------------------|--|--|--|
| 21. Notices | | | | |
| 21.1 | Written Notice | <p>Unless otherwise agreed, a party notifying under this Access Agreement must do so in writing:</p> <p>(a) Directed to the recipient's address as specified in the Instrument of Agreement, or as varied by any notice; or</p> <p>(b) Hand delivered or sent by prepaid post or facsimile to that address</p> | The use of electronic mail (email) has become an acceptable form of communication however is excluded 21.1(b) | Request the inclusion of electronic mail (email) into 21.1(b) |
| 21.2 | When Notice Received | New Clause Require for the delivery of electronic mail | If electronic mail (email) is adopted as an acceptable means of communicating, then there will be a requirement for a new clause, clause 21.2(d) describing the receipt of email | Request the inclusion of a new clause, 21.2(d) if the above amendment is adopted |

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