

Attachment 14.2A

# Summary of changes to Access Arrangement including Terms and Conditions

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SA revised Final Plan July 2021 – June 2026  
January 2021

# 1. Introduction

This attachment summarises the changes to Australian Gas Networks Limited (AGN) Access Arrangement (AA) Document and the proposed terms and conditions (proposed terms) to apply to the South Australian gas distribution network over the next (2021/22 to 2025/26) AA Period in response to the Australian Energy Regulator's (AER's) Draft Decision and stakeholder feedback.

The AA Document sets out the proposed prices, terms and conditions under which we offer access to our networks. The format of the proposed AA Document remains largely unchanged from the current (2016/17 to 2020/21) period AA Document.

The AER largely accepted our changes to AA Document with only the following minor updates to:

- Reference tariffs to reflect the Draft Decision;
- Cost pass through definitions to reflect recent decisions;
- Efficiency carryover mechanism (ECM); and
- Capital expenditure sharing scheme (CESS).

This document should be read in conjunction with the marked up AA Document<sup>1</sup> which sets out the additional changes to the AA Document in response to matters raised in the Draft Decision. In addition, the marked up version of Annexure G of the AA Document, General Terms and Conditions are detailed in Attachment 14.3A. For simplicity, these versions do not show the track changes which have already been considered by the AER as part of its Draft Decision.

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<sup>1</sup> AGN - Access Arrangement for our South Australian natural gas distribution network 1 July 2021 to 30 June 2026 – MARKED UP – January 2021\_Public

## 2. AA Document Amendments

The key changes to the AA Document and our response to the AER’s Draft Decision and stakeholder feedback are outlined in the Table 1 below. This table does not include mechanical drafting or other formatting changes (e.g. paragraph renumbering, new or amended subheadings).

Table 1: Explanation of response to AER’s Draft Decision and Stakeholder Feedback

Section	Overview	Summary of Changes	AER Draft Decision / Stakeholder Feedback	Summary of drafting changes in response to AER Draft Decision
1. Introduction	Purpose, commencement date, and contacts details for the AA.	<p>Key changes proposed included updated:</p> <ul style="list-style-type: none"> <li>Revision Commencement Date (1 July 2021);</li> <li>Addition to definitions and interpretation to include reports and other sources of data; and</li> <li>Contact Details.</li> </ul>	<p>The AER accepted our updates to the review submission and revision commencement date.</p> <p>Refer to: AER Draft Decision, Attachment 11, Non-tariff components.</p>	We have accepted the AER’s Draft Decision. No further drafting changes required.
2. Services	A description of the services AGN will provide over the next AA period.	<p>Change to reference updated numbering in the Retail Market Procedures.</p> <p>No changes to Services (Haulage and Ancillary Reference Services).</p>	<p>The AER accepted our reference service proposal for the 2021–26 access arrangement period.</p> <p>Refer to: AER Draft Decision, Attachment 1, Services covered by the access arrangement.</p>	We have accepted the AER’s Draft Decision. No further drafting changes required.
3. Reference Tariffs	An overview of our reference tariffs over the next AA period.	<p>Key changes proposed included updated:</p> <ul style="list-style-type: none"> <li>Initial Reference Tariff Date (1 July 2021) and Access Arrangement Period number (Fifth);</li> <li>Corrected the reference to Tanunda region;</li> <li>Corrected to reference the updated Annexure C Map;</li> </ul>	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER’s Draft Decision. No further drafting changes required.

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		<ul style="list-style-type: none"> <li>Corrected reference to table numbering; and</li> <li>Website address change for tariff schedules.</li> </ul>		
4. Reference Tariff Policy - General	A description of how the reference tariffs are determined, how Network Users are assigned tariffs and the basis for their annual adjustment through the Reference Tariff Control Formulae and the Cost Pass Through Event Adjustment over the next AA period.	<p>Key changes proposed included updated:</p> <ul style="list-style-type: none"> <li>Website address change for tariff schedules;</li> <li>Updated dates as required and Access Arrangement Period number (Fifth);</li> <li>Minor correction to "Cost Pass through Event" capitalisation;</li> <li>Minor corrections to Regulatory Change Event, Service Standard Event and Tax Change Event;</li> <li>Change to Terrorism Event definition to align with terminology in the <i>Criminal Code Act 1995</i> (Cth).</li> </ul>	<p>The AER Draft Decision accepted our proposed reference tariff variation mechanism for the 2021–26 period.</p> <p>The AER Draft Decision:</p> <ul style="list-style-type: none"> <li>Required the deletion of the Network User Failure Event;</li> <li>Not accept our proposed changes Terrorism Event; and</li> <li>Made minor amendments to the definitions of Insurance Credit Risk Event, Natural Disaster Event and Terrorism Event, so that they are consistent with our recent decisions.</li> </ul> <p>Refer to: AER Draft Decision, Attachment 10, Reference tariff variation mechanism, Revision 10.1.</p>	We have accepted the AER's Draft Decision by making the specified drafting changes to clause 4.5.
5. Reference Tariff Policy – Incentive Mechanisms	A description of how the incentive arrangements will apply over the next AA period.	<p>Key changes proposed included updated:</p> <ul style="list-style-type: none"> <li>Updated dates as required;</li> <li>Insertion of Clause 5.2 Capital Expenditure Sharing Scheme as detailed in Section 11.4 of the Final Plan.</li> </ul>	<p>The AER Draft Decision required revisions to clause 5.1 (a) the incremental efficiency gas (loss) for financial year 2021-22.</p> <p>Refer to: AER Draft Decision, Attachment 8: Efficiency carryover mechanism, Revision 8.1.</p> <p>The AER Draft Decision required revisions to clause 5.2 to remove forecast capex for new connections from</p>	<p>We have accepted the AER's Draft Decision by making the specified drafting changes to clause 5.1 (a).</p> <p>We have accepted the AER's Draft Decision by making the specified drafting changes to clause 5.2 (i).</p>

Section	Overview	Summary of Changes	AER Draft Decision / Stakeholder Feedback	Summary of drafting changes in response to AER Draft Decision
			<p>the Capital Expenditure Sharing Scheme calculation.</p> <p>Refer to: AER Draft Decision, Attachment 13: Capital expenditure sharing scheme, Revision 13.1.</p>	
6. Terms and Conditions	An overview of our proposed terms and condition and the conditions that a Prospective Network User must satisfy prior to entering into an agreement.	No changes.	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER’s Draft Decision. No further drafting changes required.
7. Capacity Trading	A description of the capacity trading and queuing requirements for our networks over the next AA period. This section also details the processes for changes to Delivery Points.	<p>Key changes proposed include the following updates as a result of the changes to the NGR to incorporate the National Gas Amendment (Regulation of covered pipelines) Rule 2019 No. 1:</p> <ul style="list-style-type: none"> <li>• Clause 7.2 Delivery and receipt points; and</li> <li>• Insertion of Clause 7.3 Queuing to align with rule 103 of the NGR.</li> </ul>	<p>The AER accepted our proposed amendments for changing receipt and delivery points.</p> <p>Refer to: AER Draft Decision, Attachment 11, Non-tariff components.</p> <p>The AER accepted our proposed amendments for capacity trading.</p> <p>Refer to: AER Draft Decision, Attachment 11, Non-tariff components.</p>	We have accepted the AER’s Draft Decision. No further drafting changes required.
8. Network Extension and Expansions	A description of the regulatory treatment of network	We have proposed a number of change to the Network Extensions and Expansions as a result of the changes to the NGR (rule 104) to incorporate the	The AER accepted our amendments for extensions and expansions.	We have accepted the AER’s d Draft Decision. No further drafting changes required.

Section	Overview	Summary of Changes	AER Draft Decision / Stakeholder Feedback	Summary of drafting changes in response to AER Draft Decision
	extensions and expansion over the next AA period.	National Gas Amendment (Regulation of covered pipelines) Rule 2019 No. 1.	Refer to: AER Draft Decision, Attachment 11, Non-tariff components.	
9. Speculative Capital Expenditure	A description of how non-conforming capital expenditure will be treated by AGN in the next AA period.	<p>Insertion of new Clause 9 Speculative Capital Expenditure and is included to detail the treatment of non-conforming capital expenditure under the National Gas Rules.</p> <p>This clause is to align with the Victorian and Albury approved AA Document.</p>	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER's Draft Decision. No further drafting changes required.
10. Review of the Access Arrangement	The date the next revised AA will be provided to the AER and the commencement date of the next AA Document.	<p>Clause 10 was updated to include:</p> <ul style="list-style-type: none"> <li>• Revisions Submission Date (on or before 1 July 2025); and</li> <li>• Revisions Commencement Date (1 July 2026).</li> </ul>	<p>The AER accepted our amendments to review submission date and revision commencement date.</p> <p>Refer to: AER Draft Decision, Attachment 11, Non-tariff components.</p>	We have accepted the AER's Draft Decision. No further drafting changes required.
11. Glossary	Defines terms used throughout the AA Proposal	Insertion of a number of definitions as a result of the changes to the NGR (Covered Pipeline, Default Interest Rate, Independent Expert and Network User Policy), changes to the Retail Market Procedures (Cycle, STTM hub, STTM Procedures, STTM Rules) and the addition of Mount Barker (New Towns).	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER's Draft Decision. No further drafting changes required.
Annexure A	AGN's SA Gas Distribution Region	Updated a new map to include Tanunda and Mount Barker.	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER's Draft Decision. No further drafting changes required.

Section	Overview	Summary of Changes	AER Draft Decision / Stakeholder Feedback	Summary of drafting changes in response to AER Draft Decision
Annexure B	Tariff Schedule – 2021/22	<p>Key changes proposed include updated:</p> <ul style="list-style-type: none"> <li>Updated for the Tariff Schedule 2016/17 to Tariff Schedule 2021/22;</li> <li>Revised Tariff name from Tariff R – Tanunda to Tariff R – New Towns to incorporate the Mount Barker gas network extension; and</li> <li>Revised Tariff name from Tariff C – Tanunda to Tariff C – New Towns to incorporate the Mount Barker gas network extension</li> </ul>	<p>The AER required the amendment of the quantum of reference tariffs to reflect the AER Draft Decision on total revenue.</p> <p>Refer to: AER Draft Decision, Attachment 9, Reference tariff setting, Revision 9.1.</p>	<p>We have amended the quantum of reference tariffs to reflect our revised Final Plan.</p>
Annexure C	Map showing Tariff D Regions of the Network	<p>Clarified that the Map relates to Tariff D.</p> <p>Updated a new map to include Tanunda and Mount Barker.</p> <p>Updated the map to include the Adelaide Region Tariff Zones</p>	<p>The AER Draft Decision did not specify any modifications to this section.</p>	<p>We have accepted the AER’s Draft Decision. No further drafting changes required.</p>
Annexure D	Map showing Zones within the Adelaide Region	<p>Deleted as this is now included in Annexure C</p>	<p>The AER Draft Decision did not specify any modifications to this section.</p>	<p>We have accepted the AER’s Draft Decision. No further drafting changes required.</p>
Annexure E	Reference Tariff Control Formulae	<p>Box 1: - Tariff Control Formula changes are as follows:</p> <ul style="list-style-type: none"> <li>Adopted definition of CPI and X factor from the AER in its recent decision for our Victorian and Albury network; and</li> <li>Updated dates.</li> </ul> <p>Box 2: - Rebalancing Control Formula changes are as follows:</p>	<p>The Draft Decision approved the weighted average price cap formula within our 2021–26 access arrangement proposal, subject to the changes to the automatic adjustment factor calculations discussed in section 10.1.</p> <p>Refer to: AER Draft Decision, Attachment 10, Reference tariff variation mechanism.</p>	<p>We have accepted the AER’s Draft Decision.</p> <p>We amended the Forecast Price for UAFG in the Box 4: Unaccounted for Gas Price Variation Formula.</p>

Section	Overview	Summary of Changes	AER Draft Decision / Stakeholder Feedback	Summary of drafting changes in response to AER Draft Decision
		<ul style="list-style-type: none"> <li>• Adopted definition of CPI and X factor from the AER in its recent decision for our Victorian and Albury network; and</li> <li>• Updated dates.</li> </ul> <p>Box 3: – Annual Update of Return on Debt Formula changes are as follows:</p> <ul style="list-style-type: none"> <li>• Adopted changes from the AER in its recent decision on the Rate of Return Instrument.</li> </ul> <p>Box 4: – Unaccounted for Gas Price Variation Formula changes are as follows:</p> <ul style="list-style-type: none"> <li>• Updated forecast price for Unaccounted for Gas;</li> <li>• Updated dates;</li> <li>• Adopted definition of CPI and X factor from the AER in its recent decision for our Victorian and Albury network.</li> </ul> <p>Box 5: – Pass Through Adjustment Factor Formula changes are as follows:</p> <ul style="list-style-type: none"> <li>• Updated dates;</li> <li>• Removed definition not referenced in the formula; and</li> <li>• Adopted definition of CPI and X factor from the AER in its recent decision for our Victorian and Albury network.</li> </ul>		
Annexure F	Specific Terms and Conditions	Updated User Receipt Points by adding:	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER’s Draft Decision. No further drafting changes required.



Section	Overview	Summary of Changes	AER Draft Decision / Stakeholder Feedback	Summary of drafting changes in response to AER Draft Decision
		<ul style="list-style-type: none"> <li>The outlet of the Virginia Gate Station;</li> <li>The outlet of the Wasley Gate Station; and</li> <li>The outlet of the Waterloo Corner Gate Station.</li> </ul>		
Annexure G	General Terms and Conditions	<p>Key changes to the terms and conditions included the following key provisions:</p> <ul style="list-style-type: none"> <li>Amendments to align with the Australian Energy Market Operator (AEMO) Retail Market Procedure (RMP) for “current user” and “user or current user”;</li> <li>Amendments to align with the RMP, specifically that a “...network operator must use reasonable endeavours to read meters in accordance with the applicable meter reading schedule...”;</li> <li>Amendments as requested by a member of the Retail Reference Group (RRG) to address where Users are procuring their gas through a market mechanism (eg Short Term Trading Market) the User may not have a relationship with any shipper or the affected shipper, nor can the User make requirements on that shipper;</li> <li>Insertion of a clause to enable the requesting of customer details from retailers for the purpose of</li> </ul>	<p>There was one submission on our terms and conditions from Origin Energy<sup>2</sup>:</p> <p>In relation to clauses 33.4 and 33.5, AGN propose that the network user will indemnify AGN against all loss, cost, expense or damage which AGN might suffer in relation to distribution services and any curtailment or interruption of the delivery of gas respectively... We consider that Origin’s liability under indemnities should be capped at a mutually agreed level.</p> <p>We consider that Origin’s liability under indemnities should be capped at a mutually agreed level. Furthermore, the language in the indemnities should better align with what a court would hold Origin liable for under common law. This would help to ensure the indemnities themselves are more balanced.</p>	<p>We have accepted the AER’s Draft Decision. No further drafting changes required.</p> <p>The clauses 33.4 and 33.5 have been in place since July 2011 and have undergone only minor changes relating to industry terminology, business name change and clause number. We had not proposed any changes to clause 33.5 for the 2021/22 to 25/26 period.</p> <p>As part of our the first draft engagement process on the Terms and Conditions EnergyAustralia on the 8 October 2019 requested:</p> <p>We consider that consequential loss should be excluded per the intention of clause 29.6. Added to 33.2 and 33.3</p> <p>“Subject to clause 29.6 and sub-clause 33.6,”</p> <p>Added to 33.4 and 33.5</p> <p>“clause 29.6 and”</p> <p>Added to 33.6</p> <p>“33”</p>

<sup>2</sup> Origin Energy, Submission on AGN Proposal 2021–26, 10 August 2020, p. 4

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	<p>operating, maintaining or management of the Network or the provision of Distribution Services;</p> <ul style="list-style-type: none"> <li>• Insertions of clauses to disclose confidential information to a related body corporate and disclosure of information to associated companies; and</li> <li>• Insertion of receipt points.</li> </ul> <p>The above is not an exhaustive list and the detailed explanations in Attachment 14.1 should be considered in reviewing our Terms and Conditions.</p>	<p>operating, maintaining or management of the Network or the provision of Distribution Services;</p> <ul style="list-style-type: none"> <li>• Insertions of clauses to disclose confidential information to a related body corporate and disclosure of information to associated companies; and</li> <li>• Insertion of receipt points.</li> </ul>	<p>The Draft Decision accepted our proposed terms and conditions for the 2021–26 access arrangement period.</p> <p>The AER proposed to not disturb the existing risk balance between the parties. They noted that the clause that Origin was seeking to amend is:</p> <ul style="list-style-type: none"> <li>• Not a new clause;</li> <li>• Was approved by the AER in the 2016–21 access arrangement terms and conditions;</li> <li>• The same provision is also included in the terms and conditions for AGN’s Victorian and Albury gas distribution networks for 2017–23;</li> <li>• There did not appear to be persuasive evidence that the risk was unmanageable and the AER was not persuaded that there is a fundamental problem or failure;</li> <li>• Most retailers appeared comfortable with the provision and did not raise concerns through the AER’s consultation process;</li> <li>• They are not aware of any complaints.</li> </ul> <p>The AER found that our consultation on the terms and conditions appeared to be genuine and robust, and they considered that the process has largely resulted in a mutually accepted outcome, where the</p>	<p>This was requested in the Victorian and Albury Terms and Conditions by AGL and the AER rejected the change. AGN supported the AER’s view that the change is not required.<sup>3</sup></p> <p>We advised all retailers in December 2019 when we issued the second draft of the Terms and Conditions that we would not be making the change as we supported the AER’s view that the change was not required.</p> <p>We received no further comments on these clauses throughout our Engagement Process. During this period there were six meetings with the RRG and we received three submission from retailers on the Draft Plan and Terms and Conditions.</p> <p>It should also be noted that the Terms and Conditions already:</p> <ul style="list-style-type: none"> <li>• excludes liability for all economic and monetary loss, to the extent permitted by law (clause 29.6); and</li> <li>• imposes a maximum aggregate liability of \$100 million per event for liability for death, personal injury or property damage, where permitted by law (clause 29.7).</li> </ul> <p>We support the AER’s view that the issues relating to the gas liability and indemnity regime could be discussed at an industry working group level.</p>

<sup>3</sup> AER, Draft Decision Australian Gas Networks Victoria and Albury gas access arrangement 2018 to 2022 Attachment 12 – Non tariff components, July 2017. P. 12-6

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			<p>risk sharing remains compatible between the parties.</p> <p>Refer to: AER Draft Decision, Attachment 11, Non-tariff components.</p>	
Annexure H	Heating Value Zones in Metropolitan Adelaide	Replaced Map with Table 8	The AER Draft Decision did not specify any modifications to this section.	We have accepted the AER's Draft Decision. No further drafting changes required.
Annexure I	Asset Performance Index	Insertion of this new Annexure is a result of the insertion of Clause 5.2 Capital Expenditure Sharing Scheme as detailed in Section 11.4 of the Final Plan.	<p>The AER Draft Decision required the amendment of the unplanned SAIDI target of clause 6 of Annexure I of the access arrangement to 307.04.</p> <p>Refer to: AER Draft Decision, Attachment 13: Capital expenditure sharing scheme, Revision 13.1.</p>	We have accepted the AER's Draft Decision by making the specified drafting changes to clause 6 of Annexure I of the access arrangement to 307.04.
Annexure J	Pipeline Services	Insertion of this new Annexure is a result of rule 48(1)(b) of the National Gas Rules which requires the full Access Arrangement to describe all pipeline services that the service provider can reasonably provide on the pipeline.	<p>The AER accepted our reference service proposal for the 2021–26 access arrangement period.</p> <p>Refer to: AER Draft Decision, Attachment 1, Services covered by the access arrangement.</p>	We have accepted the AER's Draft Decision. No further drafting changes required.