

Attachment 15.2

Response to Draft Decision:
Reference Tariffs

**2016/17 to 2020/21 Access
Arrangement Information
Response to Draft Decision**

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1 Response to Draft Decision on Reference Tariffs

1.1 Introduction

This attachment sets out Australian Gas Networks Limited's (AGN's) response to the Australian Energy Regulator's (AER's) Draft Decision on Reference Tariffs over the next (2016/17 to 2020/21) Access Arrangement (AA) period.

1.2 AER Draft Decision

The AER found AGN's proposed reference tariffs to be compliant with National Gas Rules (NGR) 93 and 94 and as such approved AGN's proposed reference tariffs structure and proposed prudent discounts for the next AA period. The AER also approved three new Ancillary Reference Services (ARS), which ARS had previously been non-reference services.

Table 1.1 below summarises the AER's Draft Decision for each element of AGN's reference tariffs proposal.

TABLE 1.1: SUMMARY OF AER'S DRAFT DECISION ON REFERENCE TARIFFS

	AER Draft Decision	AER Comment
Reference Tariffs	Accept AGN proposal	Consistent with NGR 93 and 94.
Prudent Discounts	Accept AGN proposal	Consistent with those approved for AGN's past AAs and NGR 96 (2).

1.3 AGN Response to the Draft Decision

TABLE 1.2: SUMMARY OF AGN'S RESPONSE TO THE AER DRAFT DECISION ON REFERENCE TARIFFS

	AER Draft Decision	AGN Response	AGN Comment
Reference Tariffs	Accept AGN proposal	Accept Draft Decision	AGN will update its proposed tariffs to reflect Revised AA Proposal.
Prudent Discounts	Accept AGN proposal	Accept Draft Decision	No comment.

1.3.1 Reference Tariffs

AGN has accepted the AER's Draft Decision in relation to the proposed haulage reference tariffs and ancillary reference services tariffs. The AER has found AGN's proposed tariffs to satisfy NGR 93 and 94. AGN however requires the quantum of the proposed tariffs to change to reflect this Revised AA Proposal.

1.3.2 Prudent Discounts

AGN has accepted the AER's Draft Decision in relation to prudent discounts. The AER is satisfied that the negotiated revenue AGN receives from each prudent discount service exceeds the estimate of the avoidable costs. The AER is satisfied that AGN has provided sufficient justification that the provision of the proposed prudent discounts is likely to lead to lower reference tariffs for all other customers and therefore that the proposed prudent discounts are consistent with the requirements of the NGR. The AER is satisfied that AGN's proposal is entirely consistent with the prudent discounts methodology that the AER has approved previously.

1.4 Summary

Tables 1.3, 1.4 and 1.5 summarise AGN's proposed tariffs to apply over the next AA period.

TABLE 1.3: SUMMARY OF TARIFF R AND C DOMESTIC HAULAGE SERVICE TARIFFS \$2016/17

Charges per Network Day (excluding Goods and Services Tax)	
Tariff R (excluding Tanunda and Mt Barker)	
Base Charge (\$ per day)	\$0.3452
Charge for the first 0.0274 gigajoules of gas delivered (\$ per gigajoule)	\$27.8502
Charge for the next 0.0219 gigajoules of gas delivered (\$ per gigajoule)	\$13.4437
Charge for additional gas delivered (\$ per gigajoule)	\$4.5509
Tariff C (excluding Tanunda and Mt Barker)	
Base Charge (\$ per day)	\$0.7267
Charge for the first 0.9863 gigajoules of gas delivered (\$ per gigajoule)	\$13.8615
Charge for the next 4.2740 gigajoules of gas delivered (\$ per gigajoule)	\$7.4394
Charge for the next 11.1780 gigajoules of gas delivered (\$ per gigajoule)	\$3.1883
Charge for additional gas delivered (\$ per gigajoule)	\$1.7259
Tariff R (Tanunda and Mt Barker)	
Base Charge (\$ per day)	\$0.3452
Charge for the first 0.0274 gigajoules of gas delivered (\$ per gigajoule)	\$36.2053
Charge for the next 0.0219 gigajoules of gas delivered (\$ per gigajoule)	\$17.4768
Charge for additional gas delivered (\$ per gigajoule)	\$5.9162
Tariff C (Tanunda and Mt Barker)	
Base Charge (\$ per day)	\$0.7267
Charge for the first 0.9863 gigajoules of gas delivered (\$ per gigajoule)	\$18.0200
Charge for the next 4.2740 gigajoules of gas delivered (\$ per gigajoule)	\$9.6712
Charge for the next 11.1780 gigajoules of gas delivered (\$ per gigajoule)	\$4.1448
Charge for additional gas delivered (\$ per gigajoule)	\$2.2437

Notes to Table 1.3:

- The total daily Charge will comprise the Base Charge plus a Charge for the Quantity of Gas delivered (or estimated to have been delivered) through the Domestic Delivery Point.
- The Charge for the Quantity of Gas delivered (or estimated to have been delivered) through the Domestic Delivery Point will be calculated at the rates shown in the table.
- A reference in the table to the Gas delivered through the Domestic Delivery Point is a reference to Gas delivered through the Domestic Delivery Point whether for the account of the Network User or for the account of any other person or persons.
- Charges will be calculated to the nearest four decimal places.

TABLE 1.4: TARIFF D DEMAND HAULAGE SERVICE TARIFFS \$2016/17

Monthly Charges, Gigajoule MDQ (excluding Goods and Services Tax)					
Adelaide Region	Northern Zone		Central Zone	Southern Zone	
50 gigajoules or less	\$2,672.1361		\$2,672.1361	\$2,672.1361	
Next 50 gigajoules (\$ per gigajoule)	\$51.9579		\$61.7046	\$72.7683	
Next 900 gigajoules (\$ per gigajoule)	\$32.4374		\$39.2409	\$45.5722	
Additional gigajoules (\$ per gigajoule)	\$9.8284		\$11.2454	\$13.7434	
Other Regions	Port Pirie	Riverland	South East	Peterborough	Whyalla
50 gigajoules or less	\$2,672.1361	\$3,771.7838	\$2,672.1361	\$3,771.7838	\$2,672.1361
Next 50 gigajoules (\$ per gigajoule)	\$51.9579	\$75.8658	\$51.9579	\$75.8658	\$51.9579
Next 900 gigajoules (\$ per gigajoule)	\$18.0066	\$47.2738	\$26.8177	\$47.2738	\$26.8177
Additional gigajoules (\$ per gigajoule)	\$9.0472	\$9.8284	\$9.8284	\$9.8284	\$9.8284

Notes to Table 1.4:

- The Demand Haulage Charges shown above are charges for a complete calendar month.
- The Charge for a calendar month will accrue from day to day in equal portions.
- Charges will be calculated to the nearest four decimal places.
- For the purpose of calculating daily overrun charges pursuant to Clause 5 of the General Terms and Conditions, the overrun rate is \$15 per gigajoules (excluding Goods and Services Tax).

TABLE 1.5: ANCILLARY REFERENCE SERVICES TARIFFS \$2016/17

Ancillary Reference Services (excluding Goods and Services Tax)	
Special Meter Read	\$10.10
Disconnection Service	\$71.00
Reconnection Service	\$71.00
Meter Removal	\$71.00
Meter Reinstallation	\$77.00
Meter Gas and Installation Test	\$210.00

Notes to Table 1.5:

- Where the Reference Tariff for an Ancillary Reference Service (as varied) is less than \$20, the Reference Tariff (as varied) will be rounded to the nearest 10 cents (with five cents rounded upwards). Where the Reference Tariff for an Ancillary Reference Service (as varied) is \$20 or more, the Reference Tariff (as varied) will be rounded to the nearest dollar (with 50 cents rounded upwards).