



Decision

Access arrangement

**Envestra Ltd's South Australian gas distribution
network**

8 July 2011 – 30 June 2016

July 2011

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Shortened forms

Shortened form	Extended form
access arrangement information	Envestra, <i>South Australian access arrangement information</i> , 1 October 2010
access arrangement information drafted by the AER	AER, <i>Access arrangement information, Envestra's SA gas distribution network, 8 July 2011 – 30 June 2016</i> , June 2011
access arrangement period	8 July 2011 to 30 June 2016
access arrangement proposal	Envestra, <i>Access arrangement for the South Australian gas distribution system</i> , 1 October 2010
access arrangement drafted by the AER	AER, <i>Access arrangement, Envestra's SA gas distribution network, 8 July 2011 – 30 June 2016</i> , June 2011
AER	Australian Energy Regulator
draft decision	AER, <i>Draft decision, Envestra Ltd Access arrangement proposal for the SA gas network 1 July 2011 – 30 June 2016</i> , February 2011
final decision	AER, <i>Final decision, Envestra Ltd Access arrangement proposal for the SA gas network, 1 July 2011 – 30 June 2016</i> , June 2011
NGL	National Gas Law
NGR	National Gas Rules
revised access arrangement information	Envestra, <i>South Australian access arrangement information</i> , 23 March 2011
revised access arrangement proposal	Envestra, <i>Access arrangement for the South Australian gas distribution system</i> , 23 March 2011

Background

Envestra's South Australian network comprises 7645 km of pipeline delivering gas to approximately 396 000 customers in seven main centres: Adelaide, Mt Gambier, Whyalla, Port Pirie, Barossa Valley, Murray Bridge and Berri. The assets used to service metropolitan Adelaide constitute the major part (93 per cent) of the network.¹

Envestra's South Australian gas distribution network is classified as a covered pipeline.² The AER is responsible for the economic regulation of covered natural gas distribution pipelines in all states and territories (except WA). The AER's functions and powers are set out in the National Gas Law (NGL) and the National Gas Rules (NGR).

Access arrangement proposal

Envestra submitted its access arrangement proposal and access arrangement information on 1 October 2010. The Australian Energy Regulator (AER) published the access arrangement proposal and access arrangement information on 21 October 2010 and held a public forum on 29 October 2010 in Adelaide.

The access arrangement proposal outlined the proposed terms and conditions of access for Envestra's SA gas distribution network for the access arrangement period. The purpose of the access arrangement information is to set out the background and basis of various elements of the access arrangement proposal.³

Draft decision on service provider's access arrangement proposal

The AER issued its draft decision not to approve Envestra's access arrangement proposal for its SA gas distribution network for the period from 1 July 2011 to 30 June 2016 on 17 February 2011 (draft decision). The AER held a public forum on the draft decision in Adelaide on 2 March 2011.

Revised access arrangement proposal

Envestra submitted a revised access arrangement proposal and revised access arrangement information for its SA gas distribution network to the AER on 24 March 2011. Envestra set out its response to the AER's draft decision through a series of attachments to the revised access arrangement information.

¹ Envestra, *SA access arrangement information*, October 2010, pp. 8–9 and 204.

² AEMC, *List of natural gas pipelines*, viewed 9 December 2010, <<http://www.aemc.gov.au/Gas/Scheme-Register/Pipeline-list-summary.html>>.

³ NGR, r. 42.

Final decision on service provider's access arrangement proposal

On 17 June 2011, the AER released its final decision not to approve Envestra's revised access arrangement proposal. The final decision set out the AER's proposed revisions to the revised access arrangement proposal and revised access arrangement information.

The final decision stated that, in accordance with r. 64(4) of the NGR, the AER would make a decision giving effect to its proposed revisions within two months of making its final decision.

Errors and omissions

The AER has identified a number of errors in its final decision which require correction. These corrections have been incorporated in the access arrangement and access arrangement information published with this decision. The revisions made are discussed below.

Licence fee reduction

The AER's final decision made a reduction to proposed operating expenditure of \$1.5 million (\$ nominal) to account for a reduction in Envestra's licence fee over the access arrangement period as determined by the SA Minister for Energy⁴. However, Envestra advised that this reduction was reflected in its revised access arrangement proposal, such that the AER's reduction resulted in double counting. The AER has corrected this error in the access arrangement and access arrangement information published with this decision.

Network management fee reduction

The AER's final decision removed the network management fee (NMF) from Envestra's proposed operating expenditure. Envestra advised this reduction was incorrectly based on the NMF forecasting methodology used in its access arrangement proposal, which was amended in the revised access arrangement proposal. The AER's adjustment therefore did not fully remove the amount of the NMF proposed. The AER has corrected this error in the access arrangement and access arrangement information published with this decision.

Further final decision

In accordance with r. 64(4) of the NGR, the AER approves the access arrangement (including the access arrangement information) drafted by the AER for Envestra's South Australian gas distribution network being the access arrangement published with this decision.

In accordance with r. 64(6) of the NGR, the access arrangement shall take effect on 8 July 2011.

⁴ Letter to the AER, SA Department for Transport, Energy and Infrastructure, 17 March 2011.