



30 October 2015

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Mr Chris Pattas
General Manager
Network Regulation South Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Chris

2016 GAS NETWORK TARIFF SUBMISSION

Please find enclosed the proposed Gas Network haulage reference tariffs for AusNet Gas Services Pty Ltd (AusNet Services) gas network customers for the period from 1 January 2016 to 31 December 2016. AusNet Services tariffs have been adjusted in accordance with the requirements of the Commission's **Final Decision** on AusNet Services' Access Arrangement dated 29 April 2013.

The following items are included with this letter:

- 2014 Annual Gas Distribution Tariff Report
 - Schedule of the Haulage Reference Tariffs is included as an Attachment;
 - Schedule of Ancillary Reference Tariffs and Other Charges;
- DUOS Tariff Approval Template.

Distribution Tariffs

In setting the Distribution Tariffs, account has been taken of the Commission's Price Determination that tariffs be adjusted by $CPI - X$. Volume data is as reported for the calendar year 2014 for the AusNet Services supply area.

As outlined in AusNet Services' previous Tariff Reports, we have continued to build on the 2003 separation of Tariff V into domestic and non-domestic customer categories. Some further rebalancing in 2016 has been undertaken to reflect the different consumption profiles between these two customer groups. The historical cost allocation between the Central and West regions and existing towns and new towns has also been maintained.

AusNet Services' average price change for 2015 is 3.54%. This adjustment is made up of:

- | | |
|--------------------------|--------|
| ▪ the CPI increase of | 1.50%; |
| ▪ the X of | 2.00%; |
| ▪ licence fee adjustment | 0.00%; |

Carbon Levy Tariffs

AusNet Services ceased charging customers Carbon Levy tariffs on 1 July 2014. The remaining obligations for the levy up to this time are due to be finalised in February 2015.

A separate calculation is included for the finalisation of the recovery of Carbon Levy payments that AusNet Services calculated to finalise its obligations to the end of June 2014. This calculation also includes a true-up for payments made and amounts received in 2014 and 2015 and an amount of \$791 remains outstanding.

AusNet Services has not set any Carbon tariffs for 2016, the remaining amount of \$791 being unrecoverable on customer accounts AusNet Services will now write this difference off.

The following table outlines the price changes by component.

Price Variation Components	Percentage
CPI	1.50%
X - Factor	2.00%
L - Factor	0.00%
Average DUoS Change	3.54%
Carbon Levy Change	-0.08%
Average Distribution Change	3.45%

The revised Annual Tariff Report is also included with this submission; this report is in draft form pending your approval of these tariffs.

Should you have any queries on the attached material, please do not hesitate to contact Eric Howie on 9695 6619 or by e-mail at eric.howie@sp-ausnet.com.au. In the event that there are any issues requiring further information or clarification Eric will be available to work closely with your staff to ensure a prompt resolution.

Yours sincerely



Tom Hallam

MANAGER REGULATION & NETWORK STRATEGY