

VTS Access Arrangement 2023-2027

Public forum: AER draft decision on APA VTS access arrangement



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July 2022

This project was funded by Energy Consumers Australia (www.energyconsumersaustralia.com.au) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of Energy Consumers Australia.

Affordability is critical through current crisis and the transition

Energy

Victoria facing gas shortage as market regulator warns of further intervention

Iona gas storage facility drops to record-low supply levels due to high demand amid Victoria's price cap

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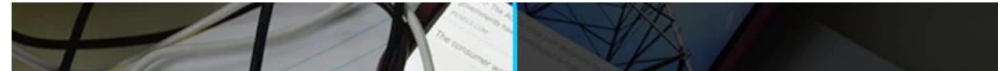
Tue 19 Jul 2022 10:45
AEST



How much are power prices increasing by? Why are they going up? What can I do to save on electricity?

By Dannielle Maguire and Nicholas McElroy

Posted Mon 13 Jun 2022 at 5:06am, updated Fri 24 Jun 2022 at 3:33pm



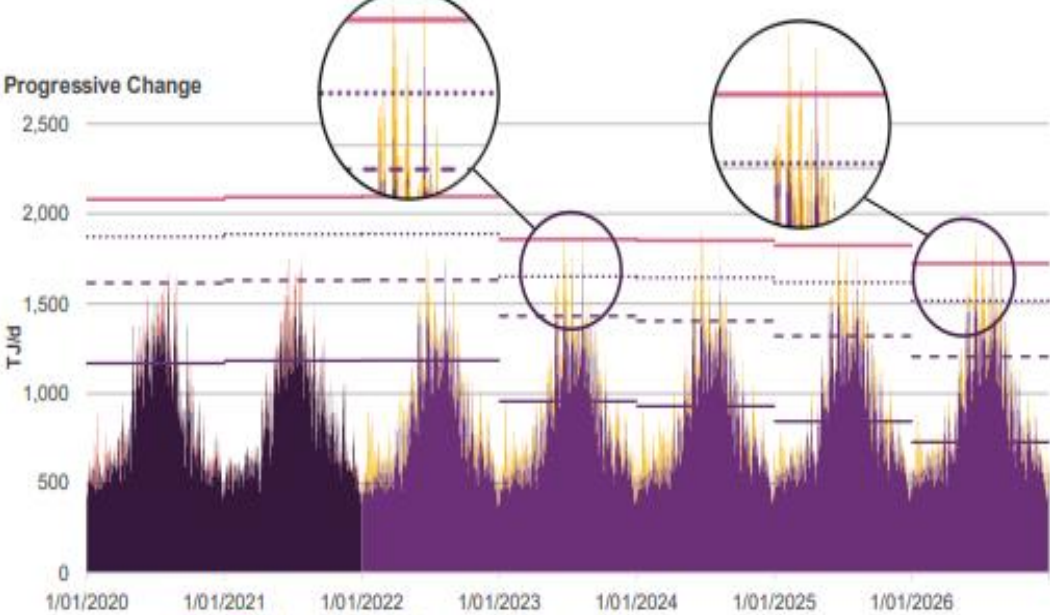
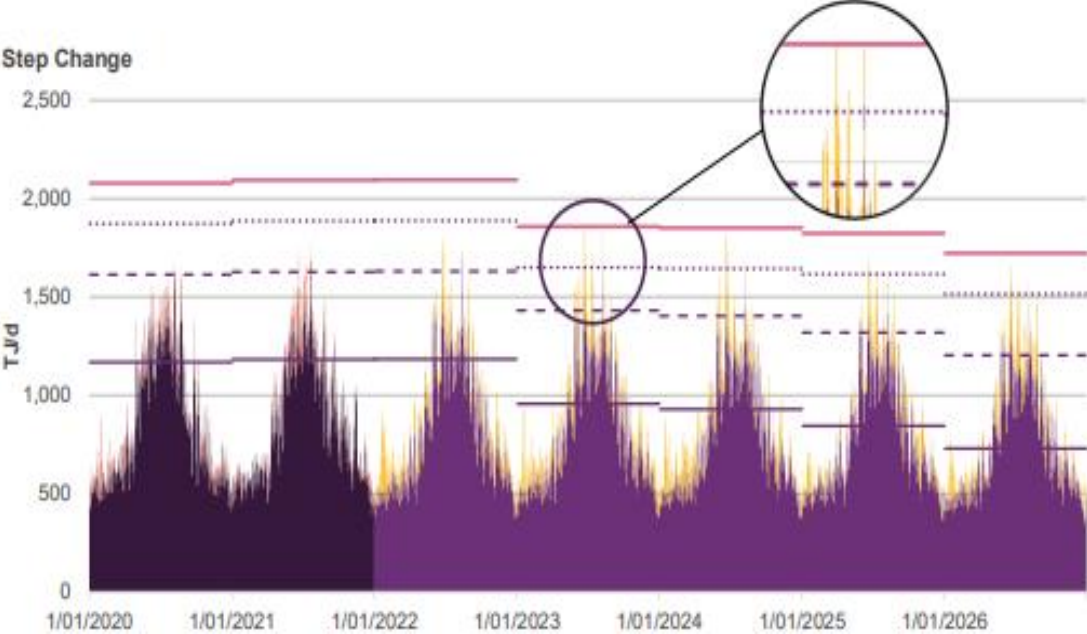
Fears families will be caught short with our power bills set to skyrocket

The price of another regular expense is set to soar, putting more pressure on struggling families and households.

AERs draft decision responds to consumer concerns

- Accelerated depreciation
- Hydrogen expenditure
- Opex step changes
- Rule 80 proposals, and Rule 80 pass through
- Fixed principal terms for augex proposals

Demand management remains important



- Actual south-eastern demand (gas generation)
- Actual south-eastern demand (industrial, residential and commercial)
- Forecast south-eastern demand (gas generation)
- Forecast south-eastern demand (industrial, residential and commercial)
- Max. south-eastern production
- - - Max. south-eastern production and MSP pipeline capacity
- Max. south-eastern production, MSP and constrained deep storage
- Max. south-eastern production, MSP, constrained deep, and shallow storage

Source: Gas Bulletin Board (GBB), GSOO surveys, and AEMO forecasts of one-in-20 and 2019 reference year weather patterns south-eastern demand.

A broad approach to evaluating proposed hydrogen expenditure

Access arrangements show:

- APA has stated that hydrogen in the distribution network also affects transmission
- Distribution networks forecast readiness for
 - 10% blend by 2030,
 - 100% hydrogen by 2040 (stretch) or 2050
- 24km high pressure gas storage pipeline proposed for Kurri Kurri found hydrogen readiness to be uneconomical

Accelerated depreciation is a risk in the absence of a plan to manage the transition

- Gas wholesale costs make up a substantial proportion of the bill – these are volatile and subject to factors outside control
- Augmentation continues, as do distribution and transmission proposals for hydrogen spending
- The Victorian Gas Substitution Roadmap does not provide clarity or certainty
- Accelerated depreciation does not address consumers' risk

Conclusion



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