

Public Forum Agenda

Country Energy's Gas Networks proposal for the access arrangement revision

1 July 2010 to 30 June 2015

Location: Carriage House Motor Inn, Sturt Highway ,Wagga Wagga
Date: Tuesday, 28 July 2009
Forum Chair: Mike Buckley, General Manager Network Regulation North, Australian Energy Regulator

Time:	Items:
11.00 – 11.15	Forum opening and the AER's process <ul style="list-style-type: none">• Mike Buckley – General Manager Network Regulation North, Australian Energy Regulator
11.15 – 11.30	Questions from interested parties
11.30 – 12.00	Country Energy presentation <ul style="list-style-type: none">▪ Ken Stonestreet – Executive General Manager Engineering Services, Country Energy
12.00 – 12.30	Questions from interested parties
12.30	Forum closes

Questions

Wagga Wagga network

Q. What is the extent of the Wagga Wagga gas network (REROC)

A. Wagga Wagga council area, Bomen to the north

Reasons for increase in prices and capital expenditure programme

Q: What is the basis for the increase in prices of \$2.80 per week in year one of the access arrangement and thereafter 30 cents per week (REROC)

A: Country Energy outlined that the reason for the price changes were because of capital expenditure in the current access arrangement which it considered necessary such as the bath water heater as well as continuing meter replacement program and replacement/upgrade capital expenditure in the future.

Country Energy also outlined that the revenue that it spent would not be recovered but it considered necessary. The AER however noted that if the capital expenditure was added to the capital base, this would be recovered going forward in the rate of return on capital and depreciation.

Gas connections demand and Bomen industrial development

Q: Query about growth in demand assumptions and growth in demand (**various**)

A: Growth had been unexpectedly strong in the last four to five years (much higher than forecast), but this had slowed in the last 18 months and demand forecasts were based on this slowed down in development

Q: Related query about gas connections in general and specifically about the Bomen development (**various**)

A: Developers are generally responsible for connection of pipes to the Country Energy mains, so this is a matter for end users to discuss with the relevant developer. Country Energy is responsible for mains extensions which is relevant to Bomen development. In relation to the Bomen development, Country Energy outlined that it had no connection requests at present, even though these had been discussed for a number of years. Country Energy indicated there could be potential growth in the next few years, but based on past experience Country Energy was not sure that anything would come on line in the next five years. Country Energy outlined that it needed to undertake an economic assessment based on the requirements of the National Gas Law. Application of this economic criteria does not necessarily mean that all extensions would be approved for development by Country Energy. If a particular extension was considered uneconomic from a National Gas Law criteria view point, Country Energy may be able to agree through its extension and expansions policy that these extension go ahead with a capital contribution from the developer are matters for consideration and discussion

Attendees

Phill Coulton	Country Energy, Group Manager Gas Networks
Ken Stonestreet	Country Energy, Executive General Manager Engineering Services
Julie Briggs	REROC, Executive Officer
Maree Richards	Country Energy, Network Regulation Manager
Jason Cooke	Country Energy, Group Manager Regulatory Strategy
Natalie Lindsay	Country Energy, General Manager Regulatory Affairs
Mike Buckley	AER, NRN General Manager
Gwenda Gleeson	AER, NRN Director
Geoff Walker	Country Energy, Assets Manager
Jeff Stein	Department of Industry and Investment
Gary Wells	Chief Executive Officer, RIVCO Group
Adrian Inglis	Ladex
Cliff Priest	Country Energy, Gas Development Manager
Gordon Shaw	Wagga Wagga Council, Economic Development Officer
Peter Cunningham	Country Energy, Business Performance Manager