



25th August 2014

Sebastian Roberts
General Manager
Australian Energy Regulator

Dear Mr Roberts,

2014 Jemena Gas Access Arrangement Review

EnergyAustralia welcomes the opportunity to make a submission to the Australian Energy Regulator (**AER**) on the 2014 Jemena Gas Access Arrangement Review (**Access Arrangement**).

EnergyAustralia is one of Australia's largest energy companies, providing gas and electricity to over 2.7 million household and business customers in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. EnergyAustralia owns and operates a multi-billion dollar portfolio of energy generation and storage facilities across Australia, including coal, gas and wind assets with control of over 5,600 MW of generation in the National Electricity Market.

During the JGN (**JGN**) engagement sessions the treatment of disconnection services was discussed and clarified. However, we note that the clarification provided during these sessions has not been reflected in the Reference Services Agreement (**RSA**). EnergyAustralia wants to ensure that the clarifications provided by JGN during the engagement sessions are reflected in the RSA.

Within the RSA it is not clear whether a Special Meter Read Fee is applied per site visit or applied to each meter at a premises. We do not believe that the Special Meter Read Fee should be applied to each meter at a premises as only one visit to the premises is required to read the meter, regardless of the number of meters. EnergyAustralia requests that the JGN provide additional information on the circumstances under which the fee will be applied. Currently a Special Meter Read request can only be initiated by the current retailer and cannot be requested to facilitate a transfer request. It is not clear if there is still a restriction on who can initiate a Special Meter Read request. It is our view that a prospective retailer and a current retailer should be able to request a Special Meter Read request. In a recent review customer switching review¹, the AEMC found that providing customers with an

¹ EPR0038 AEMC Review of Electricity Customers Switching

alternative to waiting for an actual meter read, or paying for a special meter read, in order to transfer faster.

EnergyAustralia requests that prior to JGN undertaking any tariff reform that JGN provides advanced notification to retailers on how network tariffs will be changed or varied. We also request that the AER carefully considers the potential impact that of intra-year network price variations may have on customers.

In addition, EnergyAustralia requests that the AER review the liability clauses to confirm that the assignment of liability is appropriate and equitable. We also request the AER closely reviews the prospective increase in the C & I network tariff.

EnergyAustralia has provided additional comments regarding the Access Arrangement in Appendix A. If you require any further information regarding this submission, please contact Hillary Sutton Industry Development Manager, Gas on 03)8628 1387 or IndustryDev@energyaustralia.com.au

Regards,

A handwritten signature in black ink, appearing to read 'Hillary Sutton', with a stylized flourish at the end.

Hillary Sutton

Industry Development Manager, Gas

Appendix A

Network Pricing Approval Process and impact of intra-period network tariff variation:

As stated by EnergyAustralia in a 2013 submission², under the current network pricing arrangements, retailers must squeeze all repricing tasks into a very short period of time. These repricing activities (see table 1) require input from a large group of people and affect a significant portion of our retail business. Therefore the costs of repricing events are significant and inefficiencies created by network pricing processes introduces an increase in retail operating costs that are passed onto customers in retail prices.

Table 1: Retail tariff setting & implementation tasks per phase

| Phase | Retail tariff setting & implementation tasks |
|--|--|
| 1 -Preparation | <ul style="list-style-type: none"> Assess network tariffs – price levels, structure changes , rebalancing, new/obsolete tariffs Competitor benchmarking and price positioning assessment Price modelling & analysis Pricing strategy creation Prepare indicative prices, revenue/margin estimates |
| 2 - Tariff setting | <ul style="list-style-type: none"> Check final network tariff changes, update pricing models Set all regulated and market-based tariffs - considering tariff rebalancing and competitive position Management & executive sign-off - MD approval for market tariffs Answer questions from IPART and re-do tariff setting if required Finalise IT specifications & test plans Put final network prices & miscellaneous service charges into IT templates |
| 3 - Finalise regulated tariffs (where applicable) | <ul style="list-style-type: none"> Prepare price sheets for upload to IPART website & Energy Made Easy (AER) Prepare newspaper notices for regulated tariffs |
| 4 - Implementation | <ul style="list-style-type: none"> Put final retail prices into IT templates IT update all prices, c, correct and deal with any issues Prepare mail merge & mail house processes where individual letters are required Prepare analysis of customer price impacts for call centre Create price fact sheets Update price lists & documentation on own website |

Costs also arise due to the fact that there is a short and unknown period between the approval of the network tariffs and those tariffs taking effect. This introduces inefficiencies for retailers who can either choose to:

² ERC 0149: Response to the Consultation Paper on National Electricity Amendment (Annual Network Pricing Arrangements) Rule 2013

1. Change their retail prices on the same day that network prices change even though this means that they may end up setting retail prices without accurate knowledge of the costs that can make up about half the retail price; or
2. Wait until network prices are approved before setting retail prices. This also introduces extra costs as retailers generally plan to change their prices on the 1st January or 1st July when network prices change, but as the network pricing approval process is delayed, they incur additional costs due to the rescheduling and duplication of effort in price change activities.

Therefore, retailers incur cost whichever approach they take and a risk premium is thus introduced into prices. If network prices changes are small or negative, then option 1 is a better option than if price increases are significant. We rely on distribution price path information, the Statements of Expected Price Trends and our own discussions with distributors; however, we are frequently surprised by the magnitude and nature of distribution price changes. This information doesn't allow us to minimise the costs resulting from network pricing approval processes. Thus, extra costs are being passed onto customers unnecessarily. Ensuring that adequate time is available for the retail price setting processes will help to remove costs from retail pricing processes and will aid competition by allowing more time for customer communications and engagement. Both of these outcomes are aligned to the National Gas Objective (NGO) and will have a positive effect on customer satisfaction.

We have experienced frustration with annual network pricing arrangements for many years, but find that the issues are escalating and have a greater negative impact than before. The main reasons that we see that the problems are becoming worse are that:

- retailers are generally no longer integrated with distributors and can't easily access detailed network pricing information from distributors due to issues of competitive neutrality;
- network pricing approvals more often are delayed and complex – this is due, in part, to the increasing focus on network price increases and the introduction of new prices (e.g. time-of use prices) and moving customers between prices and this can create issues and result in approval delays (as evidenced in Victoria in late 2012);
- network pricing approvals and determinations can be appealed and often deviate from the price path set at the beginning of the regulatory period meaning that retailers get late notice of higher than expected prices – see for example: the successful appeal by SAPowerNetworks affecting 2011/12 prices, AusNet Services receiving an unexpectedly high S factor for 2010 prices;
- more retailers are operating in more states within the gas and electricity energy market and must set prices in a greater number of contestable markets;
- these markets are becoming increasing competitive and retailers must consider pricing attractiveness and competitive position as well as input costs. This takes more time than simple price-setting approaches that only consider input costs; and
- regulatory requirements around retail pricing have been changing and increasing in most states meaning that retailers require additional time to undertake repricing activities than before.

In states where the NECF has been introduced, retailers are required to publish notification of variation of standing offer tariffs in newspaper circulating in the participating jurisdiction(s) within 10 business days before they take effect. In addition, retailers must publish pricing information on the AER's comparator website, Energy Made Easy, and its own website within two days of the effective date. Clearly, these timeframes are extremely difficult for retailers to meet in some cases (or may even be completely unfeasible). This NECF requirement for price publication puts additional pressure on retailers to base retail pricing decisions on draft network prices or to delay the effective date of the retail prices.

In light of these regulatory obligations, retailers face the choice between breaching the conditions of their retail authorisation of licence and being exposed to considerable costs and uncertainty. A decision to knowingly breach a regulatory obligation is not one that would be

taken lightly by most retailers. This is in conflict with the long-term price interests of customers and thus does not contribute to the National Gas Objective.

The uncertainty of network price approval time frames is an ever-present issue that adds costs to all annual retail repricing events. The other risks may or may not eventuate, is that retailers cannot quantify the impact of these risks at the time they are required to commit to their repricing approach so there is some trade-off on the risks faced. This means that retailers are not in a position to minimise the additional costs that are eventually passed on to customers in the form of higher prices. We have observed more frequent delays in approval of network pricing in recent years and expect that resulting cost impacts to customers will be higher in future.

We also note that these costs do not depend on the number of customers that the retailer has; instead they escalate with the number of retailers being affected by the network pricing issues (e.g. changes being made to multiple IT systems, multiples sets of customer collateral). Therefore, a market with a higher number of retailers will incur higher overall costs than a market with only one retailer.

Since network prices make up approximately 35-50% of retail prices, there is a great deal of potential for retail prices to be set inefficiently in the aforementioned circumstances. It is difficult to think of another industry that has such a great proportion of uncontrollable costs and needs to make significant commercial pricing decisions (usually twice a year) without full knowledge of what those uncontrollable costs will be.

Retrospective Transfers:

In the interest of harmonisation of Gas Markets (NARG project go live April 2016), EnergyAustralia would like to ensure that JGNs has allocated funds to proceed with commitment made at AEMO Industry steering committee meetings in regards to retrospective transfers.

It is our view that not providing a retailer with the ability to retrospectively transfer may limit competition in the NSW/ACT gas market. We are conscious of the concerns JGNs have in regards to implementing retrospective transfers however we would like to ensure that there is enough coverage to support a growing retail gas market and therefore keen to see changes in this space.

We are concerned that it has been suggested that the South Australian Gas Retail Market Procedures Error Correction process is adopted in NSW/ACT as a way to address the inability to conform to retrospective transfer processes in the Victorian gas market. It should be highlighted that this process does have its limitations as the Error Correction process in South Australia stipulates only the last transaction can be error corrected. The last transaction cannot be assumed as always being a transfer. We also note that a limitation on the ability to perform a retrospective transfer does not exist in the National Electricity Market.

Retrospective transfers are permitted in all jurisdictions for electricity retail customers. It can be confusing for a customer to be permitted to have a transfer completed retrospectively for one of their fuels and not the other. The other complexity in facilitating a transfer of a gas customer between retailers within JGN's distribution area is the limitation on the ability of a retailer to request a Special Meter Read request.

We refer to the limited eligibility criteria contained in section 7.4 Ancillary Services section of JGNs 2015-20 Access Arrangement Information Appendix 1.8 Tariff Structures Statement:

For requested meter reads requested rather than ordinary reads (for instance when the meter reader makes a special visit to read a particular meter out of the usual meter reading route or schedule). A minimum 5 day notice period is required.

It is unclear if the request of a Special Meter Read is limited to being requested by the Current User or can be requested by the Current User and a Prospective User. JGN currently restricts the request of a Special Meter Read to the Current User which restricts a retailer

from requesting a Special Read Transfer. Customers moving into a premises are limited in transferring to their retailer of choice until the date of the next scheduled meter read which could be up to 90 days.

EnergyAustralia also requests clarification on how the ancillary fee of \$14.80 (GST exclusive) will be applied. The eligibility criterion suggests that the fee will be applied twice if the premises have two meters. If a retailer requests that readings be obtained on all meters at a premises that that the fee should not apply per meter but limited to one fee as JGNs is visiting the site once.

Network Code governance

EnergyAustralia would like to draw attention to the inappropriate allocation of responsibility on the governance of the current NSW Gas Network Code. To facilitate retail competition in the Retail Gas Market in NSW JGNs were required to develop a Network Code in 2001. This was a requirement within the Gas Supply (Natural Gas Retail Competition) Regulation 2001. The Network Code has not been reviewed or amended to reflect a changing NSW gas market. It is our view that the document currently lacks the appropriate approval process to amend or update the Network code. We also note that in other jurisdictions, the State regulator has governance of the Distribution network code, not the Network Operator.

We would like to draw attention to the following clause which may assist with co-ordinating changes in the meantime:

4.2 Network Code Does Not Prevent Parties Agreeing to Alternative Standards

(1) Nothing in this Network Code is to be taken to prevent a Network Operator and a Retailer agreeing to higher service standards than the Default Standards, subject to compliance with any relevant Laws and Access Arrangements.

It is our view that to ensure an operable and efficient gas market, the governance structure should be reviewed along with relevant sections and clauses which potentially should be removed from the Network Code and placed within the Retail Market Procedures NSW/ACT. The AEMO Gas Industry project is developing business to business (b2b) communication protocols and could be seen as a key driver for this change.

JGNs 2015-20 Access Arrangement Information Appendix 1.8 Tariff Structures Statement

EnergyAustralia would like to draw your attention to Appendix 1.8 Tariff Structures Statement, and offer the following remarks with respect to:

- 'Hourly charge— non-standard retailer-initiated transactions' EnergyAustralia notes that JGNs has not provided sufficient information or definition surrounding these services. JGNs bundles the charge as a single cost; however EnergyAustralia sees benefit in JGNs itemising the charge thus providing the User and the customer with visibility of the calculation of the charge. It is unclear from the wording '*requests for measurement data in addition to that provided through regular standardised reporting*' if this would include the provision of Postcode information. In order for retailers to establish their systems to accurately quote and effectively manage servicing customers, we require basic information from JGNs. The information is regarding post codes for each Network section in which JGN operate. Other information such as Heating Values and Pressure Correction factors which is required by retailers to be placed on a customers' bill as part of the bill calculation process is currently not published nor is it readily available and we are concerned that the provision of basic information would incur this hourly fee.
- 'Special Meter Read Fees', it is not clear whether a Special Meter Read Fee is applied per site visit or applied per meter read at the premises. EnergyAustralia requests that

the Service Provider provide additional information on the circumstances under which the fee will be applied. It is not clear if there is a restriction on who can initiate a Special Meter Read request. We request that the Special Meter Read request should not be limited to a Current Users requesting the service and should be expanded to include a Prospective User as this would assist in the facilitating the transfer process in the NSW gas market. We note that JGNs has increased the notice period required for requesting a Special Meter Read, increasing from 2 business days notice to minimum of 5 business days notice. We note that in the Victorian, Queensland and South Australian gas market that the notice period is two business days. Two business days notice for a Special Meter read is consistent with the notice period required for the national electricity market. We request that the notice period for a Special Meter read be amended to a minimum of two business days. EnergyAustralia would like to see an AM/PM appointment service offered to ensure that customers who need to be present at the time of the reading is not inconvenienced by having to wait all day for the Meter reading to occur.

- 'Disconnection services', EnergyAustralia notes that ability of a User to request Temporary Disconnection services have changed from a residential and business disconnection services to being limited to a specific scenario for a Large customers only. We would like to understand why a temporary disconnection of supply was previously permitted to be requested:

'by a User where temporary isolation of supply is required. A request for temporary disconnection is not a request to remove a delivery point from the User's Service Agreement. The specific method of isolation will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state.'

To:

This covers the temporary disconnection of supply to a single delivery point for a large customer responding to a request for a temporary isolation of supply.

EnergyAustralia requests that JGNs provides additional information surrounding the basis on why the Users ability to request this service has been restricted. It is not clear if the Temporary Disconnection fee also includes the cost of reconnection of the meter(s) at a later date. It is our view that the inclusion of reconnection charge in disconnection service fee (i.e. both charges levied against the current User) does not consider that a reconnection may be requested by a Prospective User as part of a transfer request or if the site is being reconnected after a customer has moved out.

- Disconnection', EnergyAustralia is of the understanding that this type of service of enabling a 'temporary disconnection' for small customers for non-payment. It is unclear if the fee of \$150 (GST exclusive) is to be applied to each meter at a premises. We note that JGNs has not included a fee for reconnection after disconnection. It is not clear if the Disconnection fee includes the cost of Reconnection. Decommissioning and meter removal' it is unclear if the fee of \$1050.00 small and \$2188.00 large is to be applied per meter at a premises. We note that the specific method of disconnection will be at the discretion of JGNs.

Metering Services:

JGN has proposed to bundle the haulage and meter services (in line with the Envestra Vic 2013-2017 AA). The Electricity Distributors have commenced unbundling meter charges. It is our view that is appropriate for Gas Distributors to also consider unbundling their metering charges.

Energy Australia suggest the introduction of a new clause defining the communication protocol

between the User and the Service Provider regarding Planned and Unplanned Interruptions to ensure consistency with the National Energy Retail Rules and to enable the development of relevant B2B processes and Retail Market Procedures.

EnergyAustralia suggests the introduction of a new clause defining the format of exchange of information between the User and the Service Provider regarding Customer Details. It is our view that the type of Customer Details required should be contained in the RSA and will enable that the appropriate B2B process and Retail Market Procedures are developed.

Proposal of new clauses:

It is our view that with the changes that are being undertaken in the NSW retail gas market that all Users are treated equally. On this basis we request the inclusion of this new clause into the Access Arrangement. We note that this is reflected in other agreements between retailers and distributors. We request that the Access Arrangement agreement contains a clause stating that the terms and conditions are fair and reasonable and that do not unreasonably discriminate, or have the effect of creating unreasonable discrimination, between retailers or between customers or any retailers.



| Item | 2015 AA reference | Summary of proposed change | EnergyAustralia's feedback and proposed amendments |
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| General – information about the Network and other introductory matters | Clause 1 | <p>Clause 1 of the 2010 AA has been shortened and simplified, while retaining the elements required by rule 48 of the NGR.</p> <p>Key changes proposed include:</p> <ul style="list-style-type: none"> • an updated Review Submission Date (30 June 2019, or such later date as provided for by the AER pursuant to the NGR) and Revision Commencement Date (1 July 2020) are included. <p>In relation to the Review Submission Date, JGN notes that it has removed the acceleration of the Review Submission Date clause in the 2010 AA (clause 11). That clause was inserted in the 2010 AA in anticipation of expected amendments to the National Gas Law (NGL) and the NGR or the commencement of the National Energy Retail Law and National Energy Retail Rules in New South Wales during the 2010-15 AA periods.</p> <p>Given these changes have now been effected, it is therefore no longer relevant for the 2015 AA proposal</p> <ul style="list-style-type: none"> • an interpretation clause has been inserted in clause 1 of the 2015 AA proposal, which essentially cross-refers to schedule 1 (which sets out the definitions) and incorporates a principle in schedule 1 of the 2010 AA that states that terms not defined in the AA are defined in the RSA. <p>JGN is not proposing any revisions to the other</p> | <p>It is our view that with the changes that are being undertaken in the NSW retail gas market that all Users are treated equally.</p> <p>On this basis we request the inclusion of this new clause into the Access Arrangement. We note that this is reflected in other agreements between retailers and distributors. We request that the Access Arrangement agreement contains a clause stating that the terms and conditions are fair and reasonable and that do not unreasonably discriminate, or have the effect of creating unreasonable discrimination, between retailers or between customers or any retailers.</p> |

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| | | <p>interpretation principles in schedule 1</p> <ul style="list-style-type: none"> • The brief history of JGN in clause 1.1 of the 2010 AA has been deleted as it is not required under the NGR and the description of the Network is shorter- that information will be placed on JGN's website as required by clause 48(1)(a) of the NGR. Network maps and receipt points are still included in the 2015 AA proposal – that information is in schedules 8 and 9 (which have both been updated for the 2015 AA proposal). | |
| Reference Tariffs – introductory provisions | Clauses 3.1, 3.9 and 3.10 | <p>Some of the introductory provisions in clause 3 of the 2010 AA have been removed in the 2015 AA proposal as they deemed to be redundant and not required by the NGR.</p> <p>Most of the introductory provisions have, however, been retained with minimal amendment:</p> <ul style="list-style-type: none"> • clause 3.1(b) of the 2015 AA proposal clarifies how JGN may vary Reference Tariffs during the 2015-20 AA period by effecting such variations through Reference Tariff components, introducing or withdrawing Reference Tariffs, or any combination of these. This clause is similar to a clause that was approved in Envestra's (Victoria) AA (see, clause 4.4.1 of the Envestra (Victoria) AA) • the provision regarding publication of a revised Reference Tariff Schedule (RTS) has been shifted to clause 3.9 in the 2015 AA proposal with no substantive changes • the principle in clause 3.1 of the 2010 AA regarding how JGN determines Reference Tariffs and the depreciation method used for establishing the opening Capital Base for the 2015-20 AA period and the subsequent access arrangement period are now in clause 3.10 | EnergyAustralia would like to request that the publication of approved network tariffs to made earlier due to the time constraint need to configure and implement revised retail rates. |
| Initial Reference Tariff | Schedule 2 | The Initial Reference Tariffs are set out in schedule 2 of the 2015 AA proposal. As well as simplifying its reference service offering, JGN is proposing to simplify | EnergyAustralia requests that prior to JGN undertaking any tariff reform that JGN provides notification to Users on how network tariffs will |

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| Schedule | | <p>its tariffs by consolidating fixed charges and removing redundant tariff classes. An explanation of these changes is set out in chapter 13 of the AAI. These changes include:</p> <ul style="list-style-type: none"> • new tariff classes and consequential changes to tariff class assignment criteria (see description in sections 3.2 and 13.2 of the AAI) • transitional arrangements between the 2010 AA and 2015 AA proposal for the assignment or re-assignment of certain tariff classes and reductions in chargeable demand have been set out in a new section in the RTS rather than the RSA. | <p>be “simplified”. For example any structure changes to an existing network tariff require at least 3 months notice to configure within I.T systems. Hence, ideally we would require a minimum of 6 Months notice of any network tariff structure changes. It is unclear if JGN will be introducing a new tariff or if the changes will be limited to changes in structure only or will demand components be applied to volume tariffs? We request information to gain an understanding on the basis for fundamental changes to the structures. We note that JGN has stated that they have consolidated fixed charges. In an attempt to consolidate fixed charges, it seems that JGN may have consolidated a reconnection fee into their disconnection fees. It is our view that any fee or charge should be transparent. It is not clear whether a Special Meter Read Fee is applied per site visit or applied per meter read at the premises. EnergyAustralia requests that the Service Provider provide additional information on the circumstances under which the fee will be applied. It is not clear if there is a restriction on who can initiate a Special Meter Read request. We request that the Special Meter Read request should be not limited to a Current Users requesting the service and should be expanded to include a Prospective User as this would assist in the facilitating the transfer process. EnergyAustralia would like to see an AM/PM appointment service offered to ensure that customers who need to be present at the time of the reading is not inconvenienced by having to wait all day for the Meter reading to occur.</p> |
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| Reference Tariff variation mechanism | Clauses 3.2 and 3.3 | <p>JGN proposes to broadly retain the current method for varying reference tariffs over the 2015-20 AA period, that is,</p> <p>it proposes to retain a tariff basket form of price control for varying reference tariffs. The changes that JGN is proposing to the price control formula are set out in chapter 14 of the AA.</p> <p>The definition of $qt-2xy$ in the formula differs slightly to the definition in the 2010 AA in that it refers simply to quantity rather than "actual quantity"—this is to reflect the fact that in some cases, JGN will be using reasonable estimates of quantity as actual quantity data will not be available. For example, in the year after a new tariff has been introduced, audited historical actual quantity will not be available. JGN notes that this change is consistent with the Jemena Electricity Network (JEN) definition of the equivalent of $qt-2xy$ in its price control formula (see clause 2.1 in JEN's distribution determination amended in accordance with the orders of the Tribunal (28 September 2012)).</p> <p>JGN notes that any intra-year variations are to also comply with the price control formula for annual Reference Tariff variations. This is consistent with the approach in clause 3.4(b) of the 2010 AA but with the added clarification that JGN needs to make such adjustments as necessary given it is an intra-year rather than an annual variation. The AER will then have oversight of the variation as discussed below.</p> | <p>Energy Australia does not agree that the amendments to this clause has provided JGN with the current method of varying their reference tariffs and that it is consistent with the approach of the 2010 AA. It is our view that it does not provide added clarification on JGN's need to make an intra-year adjustment. It is our view that the amendments to this clause significantly broaden JGN's ability to undertake intra-year price variations.</p> <p>EnergyAustralia requests the removal of JGN's ability of intra year pass through (outside regulatory disruptions i.e. carbon tax) with all pass-through's to occur at the next price setting adjusted for time value of money.</p> |
| Procedures for notifying the AER of a Reference Tariff | Clauses 3.6 and 3.7 | <p>The variation notice process from the 2010 AA has been largely retained for both annual and intra-year variations.</p> <p>A key difference is that the intra-year variation notice process is now set out separately in the 2015 AA proposal.</p> <p>For annual reference tariff variations, JGN will submit a</p> | <p>EnergyAustralia is concerned with the earlier submission the AER must then publish their approval earlier ideally we would want AER approved rates 30 days prior to the effective date. This would provide sufficient time to set rates, configure billing systems and write to customers. Under the current arrangement the</p> |

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| variation | | <p>variation notice no later than 15 March or the next closest business day prior to the commencement of the relevant financial year to which the variation relates. This is earlier than the equivalent date under the 2010 AA (15 April or the next closest business day). For intra-year variations, JGN proposes that a variation notice must be submitted to the AER at least 50 business days prior to the date upon which it intends the varied tariffs to come into effect. The same period applies under the 2010 AA</p> | <p>AER can approve rates any time prior to effective date. This means for an effective date or 1 July 2015 the AER could approve 30 June 2015 however this can conflict with other requirements such as under NECF which requires 15 days prior notice to the any price change.</p> <p>EnergyAustralia does not support the inclusion of an intra-year variation that is being proposed by JGN which is in addition to the defined Cost Pass Through Events. We request the removal of the intra-year pass through event outside regulatory disruptions i.e. carbon tax</p> |
| AER assessment of Reference Tariff variations | Clause 3.8 | <p>JGN proposes to retain the timing in which the AER must inform JGN as to its decision on the reference tariff variation (30 business days). The 2015 AA proposal affords the AER an ability to extend the time for making its decision (for a maximum, additional 20 business days) where the AER needs to obtain further information from JGN, obtain expert evidence or consult about the variation notice. A maximum period of 50 business days for the AER to approve or reject any proposed variation affords the AER adequate oversight as required under rule 97(4) of the NGR. The time period for the AER's consideration of any variation notice is consistent with time periods in other recently approved AAs</p> | <p>EnergyAustralia request that the reduction of the time the AER has to approve rates to 5 Business days or alternatively change the calculation metrics (i.e. CPI) to use earlier estimates with a true up calculation. For example instead of waiting for the current period CPI use the prior period CPI and true up the difference next year. We request the removal of the AER's ability to extend the approval period. It is our view that the maximum period of 50 business days is too long due to the implementation process for new rates. We request the time to review be reduced from 50 business days to 5 business days.</p> |
| Cost Pass Through Events – list of events, materiality, AER notification | Clauses 3.4 and 3.5, and Schedule 3 | <p>The key changes in the 2015 AA proposal on Cost Pass Through Events are as follows: <u>Revised list of Cost Pass Through Events</u> <u>Materiality thresholds</u> <u>Notification of Cost Pass Through Events</u> <u>Definition of WACC</u> <u>UAG costs notification</u></p> | <p>It is our view that the AER must make a decision on the JGN's proposal within 5 Business days. We also request that UAFG amounts to be clearly details in the assumptions section of the determination as a % with a better representation of how it is applied.</p> |

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| and assessment, and cross period events | | | |
| Tariff Class assignment | Clause 4.1 | For clarity, the Tariff Class assignment provisions in the 2010 AA have been shifted to a separate section in the 2015 AA proposal but are largely unchanged. The only additional provision is a new clause that requires a User or Prospective User to provide, on request, information to enable JGN to assign a Delivery Point with a Tariff Class | Under 4.1(c) a User or Prospective User may nominate in its Request for Service the Tariff Class to which it wants its Delivery Point assigned. The Service Provider may refuse such a nomination by a User or Prospective User if it does not consider the Delivery Point to be eligible for the Tariff Class nominated. However there no timeframe specified in which the Service Provide must provide the notification to the User. Clause 4.1(d) states that upon request, a User or Prospective User must provide the Service Provider with sufficient information, however, the information required is not specified nor does it state a timeframe that a request may be received from the Service Provider. |
| Tariff Class re-assignment | Clause 4.2 | The Tariff Class re-assignment provisions in the 2010 AA have also been shifted, with three changes: <ul style="list-style-type: none"> • clarification that Tariff Class re-assignment may occur if a Tariff Class has been withdrawn • the provision dealing with User-requested re-assignment has been amended to align with rule 509 of the NGR which deals with tariff class re-assignment • a new provision on how JGN will determine a User's request and inform the User of its decision has been inserted, again to ensure alignment with rule 509. | Clause 4.2(a) states the Service Provider may re-assign a Delivery Point to one or more different Tariff Classes in accordance with the tariff assignment criteria set out in the Reference Tariff Schedule. However, we have been unable to locate any requirement on the Service Provider to provide prior notification of a tariff reassignment. Clause 4.2(c) states that the Service Provider will determine a User's request for re-assignment of a Delivery Point in accordance with the tariff assignment criteria set out in the Reference Tariff Schedule. We have been unable to locate any reference of a time period for when a User |

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| | | | would receive a response from the Service Provider. We also expect it to be reasonable for the User to have the right to appeal the decision of the User. |
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| Section | 2010 AA reference | 2015 AA reference | Proposal | EnergyAustralia's feedback and proposed amendment |
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| 4. MDQ, MHQ and Chargeable Demand | Clause 4 | Clause 4 | No change to previous Access Arrangement. | EnergyAustralia notes that whilst there have not been any amendments to the MDQ.MH and Chargeable Demand clauses since their introduction in 2010, we would like to take the opportunity to suggest the following amendments to what we consider an unfair process. EnergyAustralia does not support the injustice of this clause for new customers who have to wait for up to 12 months. As it currently stands, new customers are penalised for previous occupant's usage patterns. |
| 10. Gas quality | | | <p>The key obligations placed on Users under clause 10 are as follows:</p> <ol style="list-style-type: none"> 1. the User must comply with the gas specification prescribed under the Gas Supply (Safety and Network Management) Regulation 2013 (NSW) (clause 10.1(a)(i)). [Under the NSW regulatory requirements, JGN must not convey non-compliant gas through its distribution network]; 2. where the Regulation does not prescribe a particular matter (such as odourant levels, temperature etc), the User must comply with the default specification set out in Annexure 2 (under clause 10.1(a)(ii)) – Annexure 2 will remain as set out in the current RSA. [The NSW gas quality specification is based on AS4564 which is a general sales gas specification, but which does not include requirements for safe transportation or distribution of gas. JGN includes additional parameters in the Annexure 2 specification where necessary to maintain the integrity and safety of the network, and to enable JGN | <p>Whilst we recognise that a User must comply with the gas specifications requirements in Gas Supply (Safety and Network Management) Regulations 2013 is it practicable to qualify this indemnity to only apply where the User injected the gas? It is our view that a User cannot control the actions of another User and should not be liable for them.</p> |

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| | | | to meet its regulatory obligations to ensure safe and reliable supply and that gas contains odour] 3. the User must test or cause the gas to be tested and satisfy JGN that the testing methods and equipment maintenance are adequate, and provide JGN with real time visibility of the test results (clauses 10.4, 10.9 and 10.10). | |
| 11. Addition of Delivery Points | New | 11.4 Energisation under National Energy Retail Law | Energisation without a Retailer request. JGNs (NSW) Ltd 2015-20 Access Arrangement Information Appendix 1.2 Explanation of JGN's Reference Service Agreement New clause 11.4 has been included to cover the perceived risk of energisation of a delivery point occurring automatically under the mandated DSCC under the NERL, in circumstances where there is no RSA in place in respect of that delivery point. For example, circumstances may arise in which the physical connection of a delivery point to JGN's network may be established under a Part 12A connection offer (with the DSCC commencing on acceptance of that offer), in circumstances where a customer has not yet appointed a Retailer to enter into an RSA with JGN. | JGN have stated in Appendix 1.2 Explanation of JGN's Reference Service Agreement that JGN has seen it necessary to insert clause 11.4 to cover the perceived risk of energisation of a delivery point occurring where a customer has not yet appointed a Retailer. The National Energy Retail Law is clear that a site should not be energised by a distributor unless requested by a Retailer. EnergyAustralia requests that this clause, clause 11.4, not be inserted into the RSA. There is no basis for the component of this clause that enables energisation without a retailer to apply and we request that it amended. We also note that the concept of a distributor energising a delivery point without a retailer request is not being considered as part of the development of business to business procedures at the AEMO NSW/ACT Gas Retail Market Procedures. Under the National Gas Rules, section 12A 119XX it requires: Retailer required for energisation where new connection A distributor is not required to energise a new connection unless a request to energise the new connection is |

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| | | | | <p>submitted by a retailer, or the distributor is otherwise satisfied that there is a relevant contract with a retailer in relation to the premises.</p> <p>On this basis it is our view that the new clause, 11.4. is not required.</p> |
| 12. Deletion of Delivery Points | | | <p>Clause 12 has been amended to provide consistency between the deletion of Delivery Points from the RSA and the disconnection and reconnection obligations under the DSCC and NERR.</p> <p>Under the DSCC and NERR, if a Small Customer is disconnected and subsequently satisfies the requirements to be reconnected, and a request for reconnection is made within 10 Business Days after the disconnection, JGN must reconnect the Delivery Point. If these conditions have not been satisfied within 10 Business Days after the disconnection, the customer's DSCC with JGN terminates and for Small Customers, their gas sales agreement with their Retailer terminates.</p> <p>Clause 12 has therefore been amended to reflect the following:</p> <ol style="list-style-type: none"> 1. where a Small Customer's Delivery Point is disconnected, the Delivery Point will not be deleted from the Volume Customer List under the relevant User's RSA until 10 Business Days after the disconnection to provide time for a reconnection request under the NERL | <p>EnergyAustralia requests clarification regarding Clause 12. If a User requests a premises to be disconnected a fee of \$150 (GST exclusive) will be applied (potentially to each meter). If a reconnection has not been requested once 10 Business Days has passed JGN are proposing to delete the Delivery Point. It is not clear if the User will then incur an additional fee of 'Decommissioning the Meter' which is deleting the Deliver Point to ensure that JGN will cease charging network charges under the RSA from the disconnection date. It is unclear the steps a User will undertake to enable a site to be reconnected or the costs that a customer will incur. Retailers would reasonably expect that a request to reconnect a premises after disconnection for non-payment may take longer than 10 business days. JGNs has indicated that they would not require a New Connection to be undertaken to reconnect supply after 10 business days but it is unclear as to what processes would be undertaken to facilitate a reconnection of supply.</p> <p>Disconnection Services EnergyAustralia notes that ability of a User to request Temporary Disconnection</p> |

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| | | | <p>2. once 10 Business Days after the disconnection has passed without a reconnection request:</p> <p>a) the Delivery Point will be deleted (consistent with the termination date of the DSCC) and JGN will cease charging network charges under the RSA from the disconnection date</p> <p>b) subject to Retail Market Procedures, JGN will be entitled to take steps to facilitate the User remaining registered as the "User" under the Retail Market Procedures for that Delivery Point until another Network User becomes so registered as the User under the Procedures.</p> | <p>services have changed from a residential and business disconnection services to being limited to a specific scenario for a Large customers only. We would like to understand why a temporary disconnection of supply was previously permitted to be requested:</p> <p><i>'by a User where temporary isolation of supply is required. A request for temporary disconnection is not a request to remove a delivery point from the User's Service Agreement. The specific method of isolation will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state.</i></p> <p>To:</p> <p><i>This covers the temporary disconnection of supply to a single delivery point for a large customer responding to a request for a temporary isolation of supply.</i></p> <p>EnergyAustralia requests that JGNs provides additional information surrounding the basis on why the Users ability to request this service has been restricted. It is not clear if the Temporary Disconnection fee also includes the cost of reconnection of the meter(s) at a later date. It is our view that the inclusion of reconnection charge in disconnection service fee (i.e. both charges levied against the current User) does not</p> |
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| | | | | <p>consider that a reconnection may be requested by a Prospective User as part of a transfer request or if the site is being reconnected after a customer has moved out.</p> <p>Disconnection: EnergyAustralia is of the understanding that this type of service of enabling a 'temporary disconnection' for small customers for non-payment. It is unclear if the fee of \$150 (GST exclusive) is to be applied to each meter at a premises. We note that JGNs has not included a fee for reconnection after disconnection. It is not clear if the Disconnection fee includes the cost of Reconnection. Decommissioning and meter removal' it is unclear if the fee of \$1050.00 small and \$2188.00 large is to be applied per meter at a premises. We note that the specific method of disconnection will be at the discretion of JGNs.</p> |
| 14. Receipt Points and Receipt Stations | Clause 14 | Clause 14 | Only amendment is: 14.3 – approval timeframe change from 4 weeks to 20 business days. | EnergyAustralia acknowledges the clarity that altering 4 weeks to 20 business days provides clarity and we agree with the change of timeframes in clause 14.3. |
| 15. Delivery Points and Delivery Stations | | | <p>The commencement of NGR Part 12A, which regulates the establishment of new connections (physical connection, not energisation) and connection alterations, has necessitated a number of changes to this clause.</p> <p>In particular, clause 15 has been amended so as to:</p> <ol style="list-style-type: none"> 1. continue to address requirements for Delivery Stations and related equipment for | As stated in section 11, JGN have advised in Appendix 1.2 Explanation of JGN's Reference Service Agreement that JGN has seen it necessary to insert clause 11.4 to cover the perceived risk of energisation of a delivery point occurring where a customer has not yet appointed a Retailer. The National Energy Retail Law is clear that a site should not be energised by a distributor unless requested by a Retailer unless |

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| | | | <p>the purposes of the gas delivery and capacity entitlement service for Users (as between JGN and Users under their respective RSAs)</p> <p>2. at the same time recognise the existence of any connection contracts made under Part 12A NGR (which may also deal with the installation of Delivery Stations and related equipment at Delivery Points, as between JGN and a retail Customer) and expressly give priority to these, to the extent of any inconsistency with the terms of clause 15.</p> | <p>Jemana Gas Networks has a practice of undertaking this type of energisation.</p> |
| <p>16. Measuring Equipment – access, safety and estimation</p> | | | <p>The notice requirement for JGN to exercise its rights to cease providing a Service where it is unable to safely access metering equipment has been amended from 6 Hours to 6 Business Days, to align with the equivalent notice requirements under the NERR and JGN's DSCC.</p> | <p>EnergyAustralia considers that clause 16.1 (b)(ii) is unreasonable as it states that the User must use reasonable endeavours to ensure that no activities occur involving, or in the vicinity of the Measuring Equipment that cause the equipment to become non-compliant.</p> <p>16.1 (c) enables the Service Provider to alter, more or install additional Measuring Equipment at the User's cost. However, there is no requirement on the Service Provider to seek prior agreement from the User. We request the clause be altered to include 'by agreement'.</p> <p>EnergyAustralia notes that the timeframes located in clause 16.3 have been revised. We agree with the increase to 6 Business Days.</p> <p>EnergyAustralia notes that the omission on timing obligations surrounds accuracy of meter data, meter reading and the correction of reading errors. It is our view</p> |

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| | | | | that timeframes are required to support the development and introduction of a B2B process and Retail Market Procedures. |
| 17. Meter reading and data | Clause 17 | Clause 17 | <p>Clause previously known as Meter Data Services</p> <p>Fundamental changes to format of the clauses in this section.</p> <p>New requirement that where a User reasonably forms the view that meter data information or a meter reading is incorrect, it shall notify the Service Provider of this in writing as soon as reasonably practicable, stating the reasons for the User's belief.</p> | <p>Clause 17.4(e) states that the Service Provider must read the Measuring Equipment every 91 Days (plus or minus 4 Days). However, the clause does not contemplate the timeframe for delivery of either a meter read or estimated meter read to the User.</p> <p>We note that the Service Provider must read the Measuring Equipment every 91 Days (plus or minus 4 Days). It is not clear if the plus or minus 4 Days is business days. This is a 'billing window of 9 days. This is exceptionally long as a 'billing window'. A 'billing window' is usually 5 business days. EnergyAustralia requests that this period of time be altered to 'every 91 Days (plus or minus 2 business days). Clause 17.1 (f) contemplates that a special meter reading may be requested outside the monthly meter reading cycle. However, it does not contemplate a request for a special meter reading may be requested for Measuring Equipment that is read quarterly.</p> <p>We consider that notifying the Service Provider in writing not an effective mechanism to exchange information, especially with the development of automated exchange of information and business to business transactions as part of the NSW/ACT B2B project.</p> |

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| 19. Charges | Clause 20 | Clause 19.1 | The NECF laws contemplate that JGN's connection charges will continue to be billed to Retailers rather than direct to the Customer (unless JGN and the relevant Customer agree otherwise), despite the existence of the DSCC and NGR Part 12A connection contracts between JGN and the Customer. To recognise that costs may be incurred between JGN and the Customer, but those costs are billed by JGN to the relevant Retailer, new paragraphs (b) and (d) have been included in clause 19.1. This is the contractual means for JGN to oblige a User to pay to JGN connection charges under Part 12A Connection Contracts on behalf of the User's Customer to enable JGN to comply with Part 12A NGR. These charges are payable in accordance with Part 12A of the NGR and the NERL. | Clause 1190 of the National Energy Retail Rules states that Connection charges payable in respect of a connection service must be paid to the distributor by the retail customer's retailer unless the retailer did not apply for the connection service under Division 5, Subdivision 3 and the distributor has notified the retail customer that the customer must pay the connection charge directly. We request that the payment under any NGR Part 12A Connection Contract is limited to connections requested by the User. We request that we must be able to separately identify each connection charge on invoices sent. |
| 20. Invoicing and Payments | | | 20.4 Due Date for payment (a) The User must pay the aggregate amount stated in each invoice within 14 days of the date of the invoice (Due Date). Where payment falls due on a Day which is not a Business Day, the Due Date will be the last Business Day before the date which is 14 Days after the date of the invoice. | It is our view that the due day of the invoice should be 10 clear business days and the due date should not be shortened to cater the due date being a non-business day. |
| 22. Suspension of Service | Clause 24 | Clauses 22.1 and 22.2 | JGN's obligation to suspend (temporary disconnection) the supply of gas at the User's request in clause 22.1 has been made subject to JGN's satisfaction that all applicable laws have been complied with. This protects JGN from being required by the User to suspend gas supply to one of the | As stated in our response to Clause 12, EnergyAustralia's does not agree with the concept that temporary disconnection for small customers is not contemplated under NECF. We consider that it is necessary for a User to request the Service Provider to complete temporary disconnection of both |

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| | | | <p>User's Customers where JGN may be exposed to a breach of the NERL/DSCC if it does so. For example, JGN may be exposed to a breach under the NERL/DSCC where the User seeks a temporary disconnection and the User's Customer has made a complaint to the Ombudsman, which is still unresolved, regarding the User's reasons for seeking the temporary disconnection.</p> <p>Temporary disconnections are no longer available for Small Customers as NECF only contemplates Small Customer disconnections (rather than distinguishing between permanent and temporary disconnections) as addressed in sections 2.3, 2.5 and 2.6 above.</p> <p>The concept of temporary disconnection has been maintained in clause 22.1 of the RSA for Large Customers.</p> <p>To facilitate a means for Retailers to temporarily disconnect supply of gas to a Large Customer Delivery Point (for example, due to an outstanding debt from the Large Customer) and avoid forfeiting the contracted capacity entitlement for the Large Customer Delivery Point, the RSA allows a Retailer to seek a temporary disconnection for a Large Customer Delivery Point while continuing to reserve that capacity on the network for the Large Customer Delivery Point.</p> | <p>small and large customers for outstanding debt.</p> |
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| | | New Clause | Ombudsman Enquiries/Complaint Handling | EnergyAustralia suggests the introduction of a new clause which provides the protocol for complaint handling. This process needs to define the interaction between User and Service Provider. |
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