

# **Jemena Gas Networks (NSW) Ltd**

**2015-20 Access Arrangement**

**JGN submission to the draft decision**

Appendix Q - Confidentiality Claims

Public

27 March 2015



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## 1. CONFIDENTIALITY CLAIMS

1. The Australian Energy Regulator (**AER**) confidentiality guideline requires JGN to make claims for confidentiality over any JGN information in accordance with the requirements of the guideline.
2. Table 1-1 sets out specific sections of JGN's 27 March 15 submission to the draft decision that JGN claims to be commercial-in-confidence and the basis of the claim.
3. JGN has applied the rationale for claiming information as commercial-in-confidence as set out in the AER's confidentiality guideline.
4. JGN has provided reasons detailing how and why disclosure of the information would cause detriment to the business. JGN understands that this confidential information being available to the AER to perform its functions under the rules provides a public benefit. JGN has assessed that, in all identified cases, JGN's confidentiality reasons, together with the benefits already realised through the AER's confidential use of this data, are not outweighed by any additional public benefit to disclosure of the information.
5. JGN has marked confidential information in documents by containing the information in square brackets, starting with c-i-c and highlighting in yellow where this is possible for example [c-i-c...]. JGN has marked confidential information in spreadsheets by formatting the cells as [c-i-c].



Table 1–1: JGN 2015-20 AA revised submission confidentiality claims

Title, page and paragraph number of document	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Why the confidential information falls into the selected category	How and why detriment would be caused from disclosing the confidential information	Reasons supporting why the identified detriment is not outweighed by the public benefit
<b>JGN submission to the draft decision—27 March 15</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment A: JGN Customer Council – draft minutes of the February 2015 meeting</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment B: CEG – return on debt expert report (updated appendix 7.12 to revised proposal)</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment C1: SFG – return on equity</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment C2: Guy Debelle – global and domestic influences on the Australian bond market</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment D: NERA – estimating distribution and redemption rates from taxation statistics</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment E: NERA – literature review of the Sharpe-Lintner CAPM, Black CAPM, and Fama-French three factor model</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A

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Title, page and paragraph number of document	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Why the confidential information falls into the selected category	How and why detriment would be caused from disclosing the confidential information	Reasons supporting why the identified detriment is not outweighed by the public benefit
<b>Attachment F: SFG – Review of the AER return on equity foundation model</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Appendix G: UBS – transaction costs in the hybrid transition</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment H: Economic Insights – updated productivity assessment (updated appendix 5.2 to revised proposal)</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment I: Updated revised 2015-20 Access Arrangement</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment J: Demand forecasts adapted for reference tariffs model (updated appendix 3.3 to revised proposal)</b>						
Whole Spreadsheet	JGN proprietary methodology relating to how the JGN demand and customer forecasts have been applied to forecast the chargeable quantities of each tariff class, and personal information about individual customers	Demand and customer forecasts	Other and Personal information	The model is proprietary information that if disclosed would disadvantage JGN's customers. It contains easily identifiable personal information relating to individual customer demand.	JGN's ability to obtain competitive prices in future from JGN's non-regulated customers would deteriorate. Competitors to our individual customers that operate in competitive markets may be advantaged. Information was sought from these customers on a	This is private information relating to individual customers' demand and/or bills. JGN's customers would also be detrimentally impacted if JGN's ability to negotiate price and coverage terms with non-regulated customers deteriorates.

Title, page and paragraph number of document	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Why the confidential information falls into the selected category	How and why detriment would be caused from disclosing the confidential information	Reasons supporting why the identified detriment is not outweighed by the public benefit
	demand				confidential basis.	
<b>Attachment K: Capex forecast model (updated appendix 4.1 to revised proposal)</b>						
Whole model	JGN's capex forecast model	Capex forecast methodology	Market intelligence and market sensitive cost inputs	<p>The model and methodology is proprietary information that if disclosed would diminish the intellectual property JGN has invested in building the model.</p> <p>The model also contains unit rates and detailed capex program financial or strategy information. Publishing the material may prejudice future tender and commercial negotiation processes between JGN and its potential service providers.</p> <p>The project totals could also be used in combination with a public version of the RIN response to determine margins.</p>	<p>The model and methodology is proprietary information that if disclosed would diminish the intellectual property JGN has invested in building the model.</p> <p>Public disclosure of the relevant capex information could undermine the request for quote, request for tender and negotiating strategies to achieve efficient costs. This is because vendors would gain an insight into how much JGN has historically paid, or forecast to pay to establish the required capability. This could set a floor in the market when procuring such services in the future. Disclosure could therefore harm</p>	<p>While not all capex information in the model is confidential, JGN provides detailed capex information in its AAI and via its public RIN response. JGN does not consider there would be any additional public benefit to disclosure of the information via the capex forecast model.</p> <p>JGN (and therefore its customers) should not be funding or producing intellectual property that would benefit those other than JGN and its customers. Disclosure would reduce JGN's incentive to produce intellectual property and innovate in ways that might enhance the long term interests of consumers.</p>

# 1 — CONFIDENTIALITY CLAIMS

Title, page and paragraph number of document	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Why the confidential information falls into the selected category	How and why detriment would be caused from disclosing the confidential information	Reasons supporting why the identified detriment is not outweighed by the public benefit
					JGN's legitimate business interests and, ultimately, increase costs passed on to customers.	
<b>Attachment L: Opex forecast model (updated appendix 5.5 to revised proposal)</b>						
'Calc Opex Forecast' sheet cells N107:S107, N115:S115  'Input Opex (view 1)' sheet, cells M234:S234  'Input Opex (view 2)' sheet, cells M238:S238.	Wholesale gas price for unaccounted for gas ( <b>UAG</b> )	UAG	Market sensitive cost inputs	Revealing JGN's average UAG price would diminish JGN's ability to obtain competitive UAG prices.	JGN considers that these details should remain confidential so as to not disadvantage JGN (and therefore its customers) when seeking to procure this gas via competitive tender.	As UAG is a pass through item, JGN customers would be worse off should JGN's tendering position deteriorate.
'Input Opex (view 1)' sheet Cells: C50:C68, J50:M68, C74:C92, J74:M92  'Calc Opex Summary (view 1)' sheet Cells: C53:C71, M53:S71, C77:C95, M77:S95,	Enterprise Support Function values by category	Opex – administration and overheads	Market sensitive cost inputs	Information relates to JGN's administration and overhead costs by category.	The quantum expenditure and associated allocations can be used to calculate the apportionment of overheads to different service groups. Expenditure overheads allocated to service groups is commercially confidential as it could jeopardise JGN or Jemena	Jemena's customers would be disadvantaged by facing higher long term costs were Jemena's negotiating position with prospective service providers deteriorates.



Title, page and paragraph number of document	Description of the confidential information	Topic the confidential information relates to	Confidentiality category	Why the confidential information falls into the selected category	How and why detriment would be caused from disclosing the confidential information	Reasons supporting why the identified detriment is not outweighed by the public benefit
C:162:C180, M162:S180, C186:C204, M186:S204.					Ltd's commercial position in future negotiations with prospective service providers.	
<b>Attachment M: Rate of return forecast model (updated appendix 7.15 to revised proposal)</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment N: JGN revenue forecast model (updated appendix 10.1 to revised proposal)</b>						
Inputs Pricing' sheet Cells: H69:AK69, H81:AK81, H105:V109, H111:V115 H123:Q127 and H129:Q129 'Calc Smoothed Revenue' sheet Cells: H113:AK113, H125:AK125, H149:V153, H155:V159, H167:Q171, H173:Q173, H385:AK385, H397:AK397,	Demand	Demand	Personal information	Contains easily identifiable personal information relating to individual customer demand (or enables this to be derived).	This is private information relating to individual customers' demand and/or bills.	This is private information relating to individual customers' demand and/or bills.

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H421:V425, H427:V431, H439:Q443 and H445:Q445						
Inputs Costs' sheet Cells: N265:R266 'Calc X factor' sheet Cells: N37:R38 and N48:R49 Outputs Revenue' sheet Cells: N34:R35, N44:R44, N46:R46	Forecast negotiated revenues	Revenues	Personal information	Contains easily identifiable personal information relating to individual customer demand and bills.	This is private information relating to individual customers' demand and/or bills.	This is private information relating to individual customers' demand and/or bills.
<b>Attachment O: JGN reference tariffs and customer outcomes model (updated appendix 10.2 to revised proposal)</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment P: Attachments J to O model change references</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A
<b>Attachment Q: Confidentiality claims</b>						
No confidential information	N/A	N/A	N/A	N/A	N/A	N/A

## 2. PROPORTION OF CONFIDENTIAL INFORMATION

6. Section 3.3 of the AER’s confidentiality guideline requires NSPs must complete the proportion of confidential material notice as part of the manner in which they must make confidentiality claims. JGN must specify the number of pages in their submissions which contain a confidential claim and the number of pages which do not. Table 2-1 contains the required information for JGN’s 27 March 2015 submission to the draft decision.
7. For the purposes of this calculation, JGN has made the assumption that one sheet in an excel template equals one page. JGN has also provided totals excluding supporting documentation to the AAI and AAI appendices. Supporting documentation is often subject to copyright and the relevant page count is provided at the bottom of Table 2-1.

**Table 2–1: JGN 27 March 2015 submission—Proportion of confidential information**

Submission Title	Number of pages of submission that include information subject to a claim of confidentiality	Number of pages of submission that do not include information subject to a claim of confidentiality	Total number of pages of submission	Percentage of pages of submission that include information subject to a claim of confidentiality	Percentage of pages of submission that do not include information subject to a claim of confidentiality
JGN submission to the draft decision—27 March 15	32	615	647	5%	95%

- (1) This is an approximate indication of the proportion of material that is subject to a claim of confidentiality compared to that which are not. A page is included in the confidential count whether it has one word, or the entire page, subject to a confidentiality claim.
- (2) Excel models have been calculated as one sheet is equivalent to one page.