



14 April 2014

Jemena Gas Networks
(NSW) Ltd
ABN 87 003 004 322

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Copied to John.Skinner@aer.gov.au

Dear Mr Pattas

Jemena Gas Networks – Tariff Variation Notice for 2014-15 Reference Tariffs

In accordance with clause 3 of its Access Arrangement (**AA**) for the NSW gas network, Jemena Gas Networks (**JGN**) advises that it proposes to vary Reference Tariffs effective from 1 July 2014.

The attached variation notice:

- sets out JGN's proposed reference tariffs for the 2014-15 financial year
- demonstrates how these proposed 2014-15 reference tariffs comply with the relevant annual tariff variation mechanism
- calculates JGN's 2014-15 carbon pass through costs and applies this to its haulage reference tariffs
- calculates JGN's annual UAG adjustment and applies this to its haulage reference tariffs
- calculates JGN's licence fee adjustment and applies this to its haulage reference tariffs.

JGN's submission escalates JGN's haulage reference tariff and meter data service revenues by both CPI and the annual allowed X factor approved by the AER in the *Access Arrangement (post mine subsidence): Jemena Gas Networks NSW gas distribution networks 1 July 2010 – 30 June 2015*, published in September 2011.

Please find attached the JGN:

- tariff variation notice for 2014-15 reference tariffs
- officer statement to support the gas quantity inputs in the tariff variation formula
- proposed reference tariff model and carbon pricing model
- revised reference tariff schedule (addendum to the AA).

Confidential information

JGN has highlighted confidential information in the tariff variation notice. **Attachment 1** to this letter details the relevant sections of the tariff variation notice that JGN considers to be commercial-in-confidence and the basis of the claims. These are the same confidentiality claims that JGN made (and agreed with the AER) in its prior tariff variation notice submission. The claims are made and justified in accordance with the AER's confidentiality guideline.

To assist timely publication, please also find attached an alternative pack of JGN's tariff variation notice that is identical to the submission, but which has confidential information removed. This alternative pack is ready for publication.

Should you wish to clarify any aspect of the proposed variations you can contact Christopher Stewart, Regulatory Projects Senior Analyst on (02) 9455 1532.

Yours sincerely,



Paul Adams
Managing Director

Attachment 1 - Jemena Gas Networks (NSW) Ltd RY2015 Tariff Variation Notice

Claims for commercial-in-confidence

The following table sets out specific sections of JGN's tariff variation notice that JGN claims to be commercial-in-confidence and the basis of the claim. JGN has applied the rationale for claiming information as commercial-in-confidence as set out in the AER's confidentiality guideline consultation materials available at the time of submission.

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, and 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.

Title, page & paragraph number of document containing confidential information	Description of confidential information	Topic the confidential information relates to (e.g. capex, opex, WACC etc.)	Identify the recognised confidentiality category that the information falls within	Provide a brief explanation of why the information falls into the selected category. If information falls within 'other', please provide further details on why the information should be treated as confidential	Specify reasons supporting how and why detriment may be caused from disclosing the identified information	Provide any reasons supporting why the identified detriment is not outweighed by the public benefit (especially public benefits such as the effect on the long term interests of consumers)
Table 7-3, p. 13	Unaccounted for gas (UAG) pass through amount	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's UAG pass through amount 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.

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Table 7-4, p. 14	Average UAG cost per GJ	Financial details for 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.
Table 7-4, p. 14	Recoverable UAG cost	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's recoverable UAG cost 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.

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Section 7.3.2.2, p. 14	Recoverable UAG cost	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's recoverable UAG cost 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.
Section 7.3.2.2, p. 15	UAG pass through amount	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's UAG pass through amount 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.

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Table 7-5, p. 15	Licence fee pass through amount	Financial details for UAG and Licence Fees	Market sensitive cost inputs	Revealing JGN's UAG pass through amount 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. Note that the Licence fee figure is captured due to an ability to infer the UAG costs if it were to be published. This is because the AER's previous preference has been to publish a combined UAG and Licence fee value as part of the 2013 tariff variation decision.	As UAG is a pass through item, JGN customers would be worse off should JGN's tendering position deteriorate.

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Table 7-6, p. 16	Licence fee's paid for each of pipeline, EWON, AEMO and IPART fees and total	Financial details for UAG and Licence Fees	Market sensitive cost inputs	Revealing JGN's UAG pass through amount 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. Note that the Licence fee figure is captured due to an ability to infer the UAG costs if it were to be published. This is because the AER's previous preference has been to publish a combined UAG and Licence fee value as part of the 2013 tariff variation decision.	As UAG is a pass through item, JGN customers would be worse off should JGN's tendering position deteriorate.

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Table 7-6, p. 17	Licence fee refund to customers and calculation	Financial details for UAG and Licence Fees	Market sensitive cost inputs	Revealing JGN's UAG pass through amount 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. Note that the Licence fee figure is captured due to an ability to infer the UAG costs if it were to be published. This is because the AER's previous preference has been to publish a combined UAG and Licence fee value as part of the 2013 tariff variation decision.	As UAG is a pass through item, JGN customers would be worse off should JGN's tendering position deteriorate.

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Reference tariff model	UAG values and individual consumption data	UAG/consumption levels	Market sensitive cost inputs/ personal information	The reference tariff model contains both UAG information and a number of tariffs classes that contain less than 3 customers and would therefore disclose individual customers' consumption levels.	This is private information relating to individual customer consumption levels. UAG reasons as above.	This is private information relating to individual customer consumption levels. As UAG is a pass through item, JGN customers would be worse off should JGN's tendering position deteriorate