

15 April 2019

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

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Via email: [Chris.Pattas@aer.gov.au](mailto:Chris.Pattas@aer.gov.au)

Dear Mr Pattas

### **Jemena Gas Networks – Tariff Variation Notice for 2019-20 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 2019.

JGN's submission escalates JGN's haulage reference tariff revenues by CPI, the allowed X factor and automatic adjustment factor as approved by the AER in the *Access Arrangement: Jemena Gas Networks NSW gas distribution networks 1 July 2015 – 30 June 2020 (Incorporating revisions required by the AER remade decision)*, published in February 2019.

The attached variation notice:

- Sets out JGN's proposed reference tariffs for the 2019-20 financial year
- Demonstrates how these proposed 2019-20 reference tariffs comply with the relevant annual tariff variation mechanism
- Calculates JGN's 2019-20 automatic adjustment factor (for Unaccounted for Gas and licence fee true-ups) and applies this to its haulage reference tariffs.

### **Confidential information**

JGN has highlighted in yellow confidential information in the tariff variation notice. Appendix A 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.

Yours sincerely



**Alex McPherson**  
Manager Pricing and Compliance  
Jemena Limited

**Attachments:**

- *Tariff variation notice for 2019-20 reference tariffs, including verification of the gas quantity used in the tariff variation formula (public and confidential versions)*
- *Proposed reference tariff model*
- *Revised reference tariff schedule (addendum to the AA).*

Copied to [Robyn.Pickering@aer.gov.au](mailto:Robyn.Pickering@aer.gov.au); [Dale.johansen@aer.gov.au](mailto:Dale.johansen@aer.gov.au)

## Appendix 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.

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 and paragraph number of document containing the confidential information	Description of the confidential information.	Topic the confidential information relates to (e.g. capex, opex, the rate of return etc.)	Identify the recognised confidentiality category that the confidential information falls within.	Provide a brief explanation of why the confidential 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 would be caused from disclosing the confidential 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 4-3, p. 12 of Tariff Variation Notice	Annual unaccounted for gas ( <b>UAG</b> ) recoverable amount	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's UAG pass through amount would diminish JGN's ability to obtain competitive replenishment gas prices.	JGN considers that these details should remain confidential so as to not disadvantage JGN (and therefore our 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 4-3, p. 12 of Tariff	Average UAG cost per GJ	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's average UAG price	JGN considers that these details should	As UAG is a pass through item, JGN

Title, page and paragraph number of document containing the confidential information	Description of the confidential information.	Topic the confidential information relates to (e.g. capex, opex, the rate of return etc.)	Identify the recognised confidentiality category that the confidential information falls within.	Provide a brief explanation of why the confidential 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 would be caused from disclosing the confidential 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).
Variation Notice				would diminish JGN's ability to obtain competitive replenishment gas prices.	remain confidential so as to not disadvantage JGN (and therefore our customers) when seeking to procure this gas via competitive tender.	customers would be worse off should JGN's tendering position deteriorate.
Table 4-4, p. 13 of Tariff Variation Notice	The following columns for each year: Recoverable UAG cost, Difference (cost to customers), and cost to customers escalated to \$2018.	Financial details for UAG	Market sensitive cost inputs.	Revealing (either directly or via the ability to backsolve) JGN's UAGs 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.
Attachment B of Tariff Variation Notice P. B- and B-8-B11	Individual consumption data for customers in tariff classes DC5, DC9, DMT1, DMT2, DCFR1,	Consumption levels	Personal information	The statement of gas quantity inputs includes a number of tariffs classes that contain less than 3 customers and would therefore disclose	This is private information relating to individual customer consumption levels.	This is private information relating to individual customer consumption levels.

Title, page and paragraph number of document containing the confidential information	Description of the confidential information.	Topic the confidential information relates to (e.g. capex, opex, the rate of return etc.)	Identify the recognised confidentiality category that the confidential information falls within.	Provide a brief explanation of why the confidential 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 would be caused from disclosing the confidential 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).
	DCFR6, and DMFR3			individual customers' consumption levels.		
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.	Compliance with Privacy Law—this is private information relating to individual customer consumption levels. UAG reasons as above.	Compliance with Privacy Law—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