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Our Ref: S2008/142
Your Ref:
Contact Officer: Gwenda Gleeson
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18 August 2008

Mr Ross Piffi
Chief Executive Officer
Central Ranges Pipelines Pty Ltd
5 Phoenix Street
Westdale NSW 2340

Dear Mr ^{Ross} Piffi

I write in relation to Central Ranges Pty Limited's (CRP's) request of 21 July 2008 to amend its approved CTP access arrangement for the Tamworth Distribution Network.

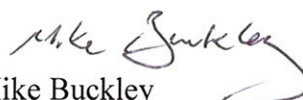
After consideration of this matter the AER approves the amendment to include the fixed schedule of tariffs for 2008/09, but does not approve the change in the notification period. The AER encloses a copy of its decision and its statement of reasons which is also available on the AER's website: www.aer.gov.au.

The AER also suggests that as a consequence of not approving the proposed amendment to the notification period in the CTP access arrangement for the Tamworth Distribution Network that CRP may like to consider amending its transmission pipeline CTP access arrangement to internally streamline its tariff variation notification processes.

In approving the fixed schedule of tariffs for 2008/09, the AER notes that CRP is required to publish these amendments to the access arrangement on its website under rule 27(4) of the National Gas Rules 2008.

If you have any issues regarding this matter please feel free to contact Gwenda Gleeson on 02 9230 9188.

Yours sincerely


Mike Buckley
General Manager
Network Regulation North



DECISION AND STATEMENT OF REASONS

Decision

The Australian Energy Regulator (AER) has considered the request received on 21 July 2008 to amend the Central Ranges Pipeline Pty Limited Access Arrangement for CRP Gas Network (distribution access arrangement) originally approved in a final decision by IPART in December 2005.

The AER approves the proposed amendments to include clauses 3.4A and 3.5A of the distribution access arrangement.

The AER does not approve the proposed amendment to clause 3.4 of the distribution access arrangement as annexed to this decision.

Date of effect of the amendment

1 September 2008

Statement of Reasons

Background

On 21 July 2008, Central Ranges Pipeline Pty Ltd (CRP), proposed an amendment to its distribution access arrangement) under rule 27(5) of the National Gas Rules (NGR).

The proposed amendments and CRP's reasons for seeking these amendments are provided on the AER's website: www.aer.gov.au.

CRP is the owner and operator of the CRP network centred on the supply of gas to Tamworth. The distribution access arrangement is identified as a competitive tender access arrangement, due to expire (its revisions commencement date) on 1 July 2019.

Proposed Amendments

CRP sought two amendments:

- Amendment 1: inclusion of a fixed schedule of tariffs and ancillary charges for 2008/09 requiring inclusion of clauses 3.4 A and 3.5A

CRP proposed to insert a fixed schedule of tariffs and ancillary charges for the 2008/09 year only that reflects the tariffs and ancillary charges that would have prevailed under the distribution access arrangement for 2008/09 using the tariff variation mechanism. The fixed schedule of tariffs is proposed to apply from 1 September 2008 (i.e. not retrospectively from 1 July 2008).

- Amendment 2: change to in notification period from 50 business days to 30 business days to align with the transmission access arrangement notification period in clause 3.4

CRP also sought to amend the notification time period in the distribution access arrangement to align with the transmission access arrangement so that only 30 business days notification is required, rather than 50 business days.

Reasons for approving Amendment 1:

The AER considers that fixed schedule of tariffs and ancillary charges reflect the tariffs that were intended to prevail under the distribution access arrangement, except for the administrative oversight of CRP in not notifying IPART at least 50 business days before 1 July 2008 of its proposed tariff variations required under the distribution access arrangement. The distribution access arrangement provides that nominal tariffs and ancillary charges may be varied to account for inflation each year, providing the service provider a means to maintain the real value of these tariffs and charges over the term of the access arrangement, which expires on 1 July 2019.

The AER notes that the fixed schedule of tariffs and ancillary charges apply from 1 September 2008 and establishes tariffs for 2008/09 consistent with the approved access arrangement's intent. In doing so, it does not change the workings of the tariff variation mechanism for future years in the access arrangement. Users are unaffected by the amendment, compared with the intent of the approved distribution access arrangement and basis on which the tariff variation mechanism was intended to operate.

Reasons for not approving Amendment 2:

The AER considers that while this is an administrative change which will assist CRP to align the notification period for CRP's distribution access arrangement with its other (transmission pipeline) access arrangement, the shortened time period of 30 business days may pose problems for users of the distribution network wishing to also seek variations to their charges to end-users on 1 July each year.