

2021 Annual Tariff Report



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1. Executive Summary

Multinet Gas (MG) is one of three gas distribution networks in Victoria. Our network services Melbourne's inner and outer eastern suburbs, as well south-eastern suburbs. The network is used to transport gas from the high-pressure transmission network to the premises of residential, commercial and industrial gas users.

In 2017, MG came together with Australian Gas Networks (AGN) and the Dampier to Bunbury Pipeline (DBP) to form Australian Gas Infrastructure Group (AGIG). The combined group serves nearly 2 million customers across every mainland state and the Northern Territory through 34,000km of distribution and more than 3,500km of transmission networks.

This 2021 Annual Tariff Report sets out the proposed tariffs to apply from 1 January 2021 and the basis of their preparation. The report is also prepared in accordance with Schedule 4 of Part B of the 2018-2022 Access Arrangement (AA) approved by the Australian Energy Regulator (AER) on 30 November 2017. Accompanying this report is the tariff model used to derive the 2021 tariffs, a schedule of proposed tariffs as well as the review assurance of the volumes used to derive the 2021 tariffs.

The average increase in tariffs from 2020 to 2021 is 0.60%, comprising CPI of -0.35% and X-factor of 0.96%. This translates to an increase of \$2 (from \$363 to \$365 per year) for the average residential customer and \$5 (from \$1,036 to \$1,041 per year) for the average business customer in the Melbourne metropolitan region. The proposed 2021 tariffs comprise Appendix 1, Appendix 2 and Appendix 3 of this report.

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2. Introduction

Multinet Gas (MG) is one of three gas distribution networks in Victoria. Our network services Melbourne’s inner and outer eastern suburbs, as well south-eastern suburbs. The network is used to transport gas from the high-pressure transmission network to the premises of residential, commercial and industrial gas users.

In 2017, MG came together with Australian Gas Networks (AGN) and the Dampier to Bunbury Pipeline (DBP) to form Australian Gas Infrastructure Group (AGIG). The combined group serves nearly 2 million customers across every mainland state and the Northern Territory through 34,000km of distribution and more than 3,500km of transmission networks.

2.1. Licensing basis

The 2018-2022 Access Arrangement (AA) was approved by the Australian Energy Regulator (AER) on 30 November 2017. This report is intended to enable users to understand the basis of the tariffs and associated tariff policies. The report also contains the required information as specified in Schedule 4 of Part B of the AA.

2.2. Application period

The tariffs proposed in this report and the tariff model are intended to apply from 1 January 2021 through to 31 December 2021.

2.3. Postcodes

The postcodes that are applicable for Reference and Ancillary Tariffs are listed in Appendix 6 of this report. These postcodes are also included in the MG’s Distribution Licence.

2.4. Location

A map showing the locations where we gas is provided below. We distribute gas to the areas shaded in blue, as well as nine townships in Yarra Valley and six townships in South Gippsland.



3. Reference and Ancillary Reference Tariffs

3.1. Overview of Reference Tariffs

There are three haulage reference services provided by MG to our customers. Haulage Reference Service Tariff V applies to our residential and small to medium sized business customers. Haulage Reference Service Tariff D and Haulage Reference Service Tariff L apply to our largest business and industrial customers. The tariffs applied to these services are detailed in the sections below.

3.1.1. Haulage Reference Service Tariff V

Tariff V applies to customers using less than 10,000 GJ per year and less than 10 GJ MHQ Maximum Hourly Quantity (MHQ). Within Tariff V there are two classifications: residential and non-residential. Any new customer eligible for Tariff V is assigned their appropriate residential or non-residential classification by their Retailer.

Tariff V comprises a fixed and variable component. The fixed component is a daily charge (\$/day), while the variable component is a price per GJ (\$/GJ) and reflects the gas usage of the customer. There are currently five usage blocks that apply to residential and non-residential customers, which blocks are shown in the tables below.

Tariff V Residential

| | Consumption Range (GJ/day) |
|---------------|----------------------------|
| Usage Block 1 | 0 - 0.05 |
| Usage Block 2 | > 0.05 - 0.1 |
| Usage Block 3 | > 0.1 - 0.15 |
| Usage Block 4 | > 0.15 - 0.25 |
| Usage Block 5 | > 0.25 |

Tariff V Non Residential

| | Consumption Range (GJ/day) |
|---------------|----------------------------|
| Usage Block 1 | 0 - 0.25 |
| Usage Block 2 | > 0.25 - 1.0 |
| Usage Block 3 | > 1.0 - 1.5 |
| Usage Block 4 | > 1.5 - 5.0 |
| Usage Block 5 | > 5.0 |

The charge applicable to each block of consumption decreases with increased gas usage, and also varies depending on the time of the year as per the periods shown below:

- Off Peak Summer Period (November - April inclusive)
- May and October Shoulder period (May and October)
- Peak Winter period (June - September inclusive)

3.1.2. Haulage Reference Service Non-Residential Tariff D

Tariff D applies to customers using greater than 10,000 GJ a year or more than 10 GJ MHQ. Customers are charged based on their Maximum Hourly Quantity (MHQ) measured in GJ per hour. As with Tariff V, Tariff D MHQ unit rates are stepped as follows:

Tariff D

| Maximum Hourly Quantity (GJ/hr) | |
|---------------------------------|--------|
| Demand Step 1 | 0 – 50 |
| Demand Step 2 | > 50 |

A detailed explanation of how Tariff D MHQ invoices are calculated and charged is shown in Appendix 4.

3.1.3. Haulage Reference Service Non-Residential Tariff L

Tariff L is open to non-residential customers who consume more than 1,000 GJ per year but less than 10,000 GJ per year and have an MHQ demand of less than 10 GJ per hour.

The tariff structure of Tariff L is a mixture of the Tariff V and D tariff structures. Tariff L has no fixed charge; however it contains seasonal stepped usage charges and two demand charges. There are currently two usage blocks for Tariff L customers:

Tariff L

| Consumption Range (GJ/day) | |
|----------------------------|-------|
| Usage Block 1 | 0 – 5 |
| Usage Block 2 | > 5 |

Like Tariff V, Tariff L also contains seasonal usage charges (\$/GJ) for the following periods:

- Off Peak Summer Period (November - April inclusive)
- May and October Shoulder period (May and October)
- Peak Winter period (June - September inclusive)

Tariff L also contains two Demand Charges as follows:

- A Rolling 12 month Maximum MHQ charge which is a daily charge based on the highest demand (MHQ) delivered over 12 months to the end of the billing period
- A Peak MHQ Demand Charge which is based on the highest demand (MHQ) delivered in any billing period during the hours 6am to 10am weekdays over the four peak months June to September.

A further explanation of Tariff L and its associated business rules can be seen in Appendix 5 of this document.

3.2. Costs recovered by haulage reference tariffs

Haulage reference tariffs have been structured so that they recover the costs as determined by the AER in its Final Decision for the current 2018-2022 AA period published 30 November 2017. These costs are determined using the building block approach, and reflect costs incurred by us to provide services to our customers. The costs can be summarized as:

- Return on Capital – Approved rate of return multiplied by the annual asset value

- Return of Capital – Regulatory depreciation of assets
- Operating and Maintenance Costs
- Taxation – based on a benchmarked distribution company
- Efficiency carry over – rewards or penalties for efficiency gains or losses respectively.

The tariff rates that recover the costs are described in the section 5 below.

3.3. Costs recovered by ancillary reference tariffs

Ancillary reference services are services used in connection with the transportation and use of gas, and include services such as special meter reads and meter installation or removal. Our full suite of ancillary reference services are set out in section 5.2 of this report, as well as Schedule 1 of Part A of the 2018 - 2022 AA.

Ancillary reference services are not required by all customers, and are therefore charged directly to those customers who request that service. The tariff applied to each ancillary reference service reflects the cost to us for provision of that service.

3.4. Principles used to set tariffs

Our Reference Tariff Policy in Part B of the 2018 - 2022 AA sets out its reference tariffs, and how those reference tariffs are determined for reference services. Reference tariffs are set so that they accurately reflect the costs associated with the gas distribution network and also reflect the allocation of costs between customer groups.

The development and adjustment of tariffs broadly incorporates the following policy principles:

- **Simple:** Ability for customers to react and understand.
- **Attractive:** Desire of retailer to pass the tariff through to customers.
- **Forward Looking:** Ability to deal with changing market conditions while being technology and policy agnostic.
- **Manage Volatility:** Desire for low year-on-year volatility.
- **Predictable:** Ability for customers to forecast and understand impacts - no bill shock.
- **Cost-reflective:** Reduce inefficiencies and cross-subsidies and adapt to different types of customer load profiles and technologies.
- **Compliant:** Compliance within the various regulatory and legislative criteria.

4. Methodology to Set Reference Tariffs

4.1. Cost allocation to tariffs

4.1.1. Tariff V (Residential and Commercial)

Tariff V contains a fixed and variable charge. The fixed charge recovers unavoidable network infrastructure costs such as service connection, standard meters, and systems for billing and collection. The variable peak, shoulder and off peak charges recover all other costs associated with the use of the network.

4.1.2. Tariffs D and L

The MHQ Demand charge for tariffs D and L recovers all capital, operation and connection specific maintenance costs, which are not recovered upfront and/or via the non-reference Operations and Maintenance charge and the tariff V charges.

4.1.3. Cost of Supply

We utilize a Cost of Supply model that allocates the costs of supplying customers for each reference tariff via appropriate methodologies to derive upper and lower limits for each of Tariff V Residential, Tariff V Non-residential, Tariff L and Tariff D.

The Upper Costs are the standalone costs to bypass the network. These costs were calculated using the Optimised Replacement System Cost (ORC) of the network multiplied by the current rate of return, and adding depreciation and a consumption weighted share of operations and maintenance (O&M). These costs were then apportioned by volume of each customer class to get an average \$/GJ.

The Lower Cost is the marginal or avoidable cost of supply. The lower costs were calculated using a consumption weighted share of O&M and apportioning by volume for each customer class to get an average \$/GJ.

The average proposed 2021 tariff rates for Tariff V Residential, Tariff V Non-residential, Tariff L and Tariff D, as well as the upper and lower limits are in Table 4.1. The table shows that all the proposed 2021 tariffs are within the upper and lower cost bounds of providing these services.

Table 4-1: 2021 Proposed Average Tariffs versus Upper and Lower Cost Limits

| Type | Tariff | Units | 2021 Upper Bound "Standalone Cost" | 2021 Lower Bound "Avoidable Cost" | 2021 Average Charge |
|--------|-------------------|------------|------------------------------------|-----------------------------------|---------------------|
| Volume | Residential V | \$/GJ | 5.64 | 2.10 | 4.63 |
| Volume | Non-residential V | \$/GJ | 2.36 | 0.50 | 1.55 |
| Volume | Tariff L | \$/GJ | 2.36 | 0.50 | 0.58 |
| Demand | Tariff D | \$'000/MHQ | 9.22 | 1.05 | 4.64 |

4.2. Cost differences between zones

Multinet Gas has three zones for the purposes of pricing.

- Metropolitan
- Yarra Valley
- South Gippsland

Both Yarra Valley and South Gippsland are relatively new regional networks and have been connected with the assistance of funding from Regional Development Victoria (RDV). Despite this assistance, both of these networks require additional revenue to recover the projected shortfall of revenue to costs and this is reflected by the higher tariffs applied in those zones relative to the metro tariffs.

5. Current Reference and Ancillary Tariffs

5.1. Reference tariffs

The table below includes all the reference tariffs and tariff components proposed for 2021 compared to 2020, and show the change applied to each component.

Table 5-1: 2020 versus 2021 Tariffs

| Tariff V Residential - Metro | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|-------------------------------------|--------------|--------------|-------------|
| Fixed Charge (\$/day) | 0.1830 | 0.1830 | 0.0% |
| Peak 0 - 0.05 GJ/day | 8.7503 | 8.8806 | 1.5% |
| Peak 0.05 - 0.1 GJ/day | 5.8383 | 5.8383 | 0.0% |
| Peak 0.1 - 0.15 GJ/day | 3.0185 | 3.0185 | 0.0% |
| Peak 0.15 - 0.25 GJ/day | 1.5276 | 1.5276 | 0.0% |
| Peak > 0.25 GJ/day | 1.1329 | 1.1329 | 0.0% |
| May/Oct Shoulder 0 - 0.05 GJ/day | 8.3515 | 8.4760 | 1.5% |
| May/Oct Shoulder 0.05 - 0.1 GJ/day | 5.5464 | 5.5464 | 0.0% |
| May/Oct Shoulder 0.1 -0.15 GJ/day | 2.8686 | 2.8686 | 0.0% |
| May/Oct Shoulder 0.15 - 0.25 GJ/day | 1.4513 | 1.4513 | 0.0% |
| May/Oct Shoulder >0.25 GJ/day | 1.0913 | 1.0913 | 0.0% |
| Off Peak 0 - 0.05 GJ/day | 7.4725 | 7.5839 | 1.5% |
| Off Peak 0.05 - 0.1 GJ/day | 4.9627 | 4.9627 | 0.0% |
| Off Peak 0.1 - 0.15 GJ/day | 2.5666 | 2.5666 | 0.0% |
| Off Peak 0.15 - 0.25 GJ/day | 1.2985 | 1.2985 | 0.0% |
| Off Peak > 0.25 GJ/day | 0.9766 | 0.9766 | 0.0% |
| Average Price Movement | 5.06 | 5.09 | 0.6% |

| Tariff V Business – Metro | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|----------------------------------|---------------------|---------------------|-----------------|
| Fixed Charge (\$/day) | 0.3018 | 0.3018 | 0.0% |
| Peak 0 - 0.25 GJ/day | 3.9961 | 4.0556 | 1.5% |
| Peak 0.25 - 1.0 GJ/day | 2.3486 | 2.3486 | 0.0% |
| Peak 1.0 - 1.5 GJ/day | 1.4092 | 1.4092 | 0.0% |
| Peak 1.5 - 5.0 GJ/day | 0.7842 | 0.7842 | 0.0% |
| Peak > 5.0 GJ/day | 0.2617 | 0.2617 | 0.0% |
| May/Oct Shoulder 0 - 0.25 GJ/day | 3.6674 | 3.7220 | 1.5% |
| May/Oct Shoulder 0.25 – 1 GJ/day | 2.1139 | 2.1139 | 0.0% |
| May/Oct Shoulder 1 - 1.5 GJ/day | 1.3387 | 1.3387 | 0.0% |
| May/Oct Shoulder 1.5 – 5 GJ/day | 0.7641 | 0.7641 | 0.0% |
| May/Oct Shoulder >5 GJ/day | 0.2353 | 0.2353 | 0.0% |
| Off Peak 0 - 0.25 GJ/day | 3.3260 | 3.3756 | 1.5% |
| Off Peak 0.25 - 1.0 GJ/day | 2.0411 | 2.0411 | 0.0% |
| Off Peak 1.0 - 1.5 GJ/day | 1.2218 | 1.2218 | 0.0% |
| Off Peak 1.5 - 5.0 GJ/day | 0.7404 | 0.7404 | 0.0% |
| Off Peak > 5.0 GJ/day | 0.2091 | 0.2091 | 0.0% |
| Average Price Movement | 1.66 | 1.66 | 0.5% |

| Tariff D (Annual MHQ GJ/hr) | 2020 (\$/MHQ) | 2021 (\$/MHQ) | % Change |
|------------------------------------|----------------------|----------------------|-----------------|
| 1 - 50 MHQ/day | 595.3247 | 598.9217 | 0.6% |
| > 50 MHQ/day | 101.2894 | 101.9014 | 0.6% |
| Average Price Movement | 521.61 | 524.76 | 0.6% |

| Tariff L- Non-Residential | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|--------------------------------------|--------------|--------------|-------------|
| Peak < 5 GJ/day | 0.6377 | 0.6416 | 0.6% |
| Peak > 5 GJ/day | 0.1368 | 0.1376 | 0.6% |
| May/Oct Shoulder < 5 GJ/day | 0.5654 | 0.5688 | 0.6% |
| May/Oct Shoulder > 5 GJ/day | 0.1284 | 0.1292 | 0.6% |
| Off Peak < 5 GJ/day | 0.4483 | 0.4510 | 0.6% |
| Off Peak > 5 GJ/day | 0.1020 | 0.1026 | 0.6% |
| Rolling 12 month max [\$/GJ (MHQ/d)] | 0.5929 | 0.5965 | 0.6% |
| Peak Demand [\$/GJ (MHQ/d)] | 1.7739 | 1.7846 | 0.6% |
| Average Price Movement | 0.44 | 0.44 | 0.6% |

| Tariff V Residential – Yarra Valley | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|--|---------------------|---------------------|-----------------|
| Fixed Charge (\$/day) | 0.1830 | 0.1830 | 0.0% |
| Peak 0 - 0.05 GJ/day | 10.4278 | 10.5832 | 1.5% |
| Peak 0.05 - 0.1 GJ/day | 7.8394 | 7.8394 | 0.0% |
| Peak 0.1 - 0.15 GJ/day | 5.6037 | 5.6037 | 0.0% |
| Peak 0.15 - 0.25 GJ/day | 4.4204 | 4.4204 | 0.0% |
| Peak > 0.25 GJ/day | 4.1198 | 4.1198 | 0.0% |
| May/Oct Shoulder 0 - 0.05 GJ/day | 10.0791 | 10.2293 | 1.5% |
| May/Oct Shoulder 0.05 - 0.1 GJ/day | 7.6078 | 7.6078 | 0.0% |
| May/Oct Shoulder 0.1 - 0.15 GJ/day | 5.4839 | 5.4839 | 0.0% |
| May/Oct Shoulder 0.15 - 0.25 GJ/day | 4.3597 | 4.3597 | 0.0% |
| May/Oct Shoulder >0.25 GJ/day | 4.0742 | 4.0742 | 0.0% |
| Off Peak 0 - 0.05 GJ/day | 9.3819 | 9.5216 | 1.5% |
| Off Peak 0.05 - 0.1 GJ/day | 7.1447 | 7.1447 | 0.0% |
| Off Peak 0.1 - 0.15 GJ/day | 5.2443 | 5.2443 | 0.0% |
| Off Peak 0.15 - 0.25 GJ/day | 4.2385 | 4.2385 | 0.0% |
| Off Peak > 0.25 GJ/day | 3.9831 | 4.0200 | 0.0% |
| Average Price Movement | 7.61 | 7.65 | 0.5% |

| Tariff V Business – Yarra Valley | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|---|---------------------|---------------------|-----------------|
| Fixed Charge (\$/day) | 0.3004 | 0.3004 | 0.0% |
| Peak 0 - 0.25 GJ/day | 6.7073 | 6.8072 | 1.5% |
| Peak 0.25 - 1.0 GJ/day | 5.1199 | 5.1199 | 0.0% |
| Peak 1.0 - 1.5 GJ/day | 4.3555 | 4.3555 | 0.0% |
| Peak 1.5 - 5.0 GJ/day | 3.8468 | 3.8468 | 0.0% |
| Peak > 5.0 GJ/day | 3.4214 | 3.4214 | 0.0% |
| May/Oct Shoulder 0 - 0.25 GJ/day | 6.4395 | 6.5355 | 1.5% |
| May/Oct Shoulder 0.25 – 1 GJ/day | 4.9288 | 4.9288 | 0.0% |
| May/Oct Shoulder 1 - 1.5 GJ/day | 4.2980 | 4.2980 | 0.0% |
| May/Oct Shoulder 1.5 – 5 GJ/day | 3.8304 | 3.8304 | 0.0% |
| May/Oct Shoulder >5 GJ/day | 3.4001 | 3.4001 | 0.0% |
| Off Peak 0 - 0.25 GJ/day | 6.1615 | 6.2533 | 1.5% |
| Off Peak 0.25 - 1.0 GJ/day | 4.8698 | 4.8698 | 0.0% |
| Off Peak 1.0 - 1.5 GJ/day | 4.2028 | 4.2028 | 0.0% |
| Off Peak 1.5 - 5.0 GJ/day | 3.8112 | 3.8112 | 0.0% |
| Off Peak > 5.0 GJ/day | 3.3787 | 3.3787 | 0.0% |
| Average Price Movement | 4.74 | 4.76 | 0.4% |

| Tariff V Residential – South Gippsland | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|---|---------------------|---------------------|-----------------|
| Fixed Charge (\$/day) | 0.1830 | 0.1830 | 0.0% |
| Peak 0 - 0.05 GJ/day | 11.3488 | 11.5179 | 1.5% |
| Peak 0.05 - 0.1 GJ/day | 8.5804 | 8.5804 | 0.0% |
| Peak 0.1 - 0.15 GJ/day | 6.2062 | 6.2062 | 0.0% |
| Peak 0.15 - 0.25 GJ/day | 4.9497 | 4.9497 | 0.0% |
| Peak > 0.25 GJ/day | 4.6306 | 4.6306 | 0.0% |
| May/Oct Shoulder 0 - 0.05 GJ/day | 10.9784 | 11.1419 | 1.5% |
| May/Oct Shoulder 0.05 - 0.1 GJ/day | 8.3346 | 8.3346 | 0.0% |
| May/Oct Shoulder 0.1 - 0.15 GJ/day | 6.0790 | 6.0790 | 0.0% |
| May/Oct Shoulder 0.15 - 0.25 GJ/day | 4.8853 | 4.8853 | 0.0% |
| May/Oct Shoulder >0.25 GJ/day | 4.5820 | 4.5820 | 0.0% |
| Off Peak 0 - 0.05 GJ/day | 10.2381 | 10.3907 | 1.5% |
| Off Peak 0.05 - 0.1 GJ/day | 7.8428 | 7.8428 | 0.0% |
| Off Peak 0.1 - 0.15 GJ/day | 5.8247 | 5.8247 | 0.0% |
| Off Peak 0.15 - 0.25 GJ/day | 4.7565 | 4.7565 | 0.0% |
| Off Peak > 0.25 GJ/day | 4.4852 | 4.4852 | 0.0% |
| Average Price Movement | 9.68 | 9.73 | 0.6% |

| Tariff V Business – South Gippsland | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|--|---------------------|---------------------|-----------------|
| Fixed Charge (\$/day) | 0.3018 | 0.3018 | 0.0% |
| Peak 0 - 0.25 GJ/day | 7.3978 | 7.5080 | 1.5% |
| Peak 0.25 - 1.0 GJ/day | 5.6927 | 5.6927 | 0.0% |
| Peak 1.0 - 1.5 GJ/day | 4.8807 | 4.8807 | 0.0% |
| Peak 1.5 - 5.0 GJ/day | 4.3408 | 4.3408 | 0.0% |
| Peak > 5.0 GJ/day | 3.8890 | 3.8890 | 0.0% |
| May/Oct Shoulder 0 - 0.25 GJ/day | 7.1136 | 7.2196 | 1.5% |
| May/Oct Shoulder 0.25 – 1 GJ/day | 5.4896 | 5.4896 | 0.0% |
| May/Oct Shoulder 1 - 1.5 GJ/day | 4.8199 | 4.8199 | 0.0% |
| May/Oct Shoulder 1.5 – 5 GJ/day | 4.3232 | 4.3232 | 0.0% |
| May/Oct Shoulder >5 GJ/day | 3.8662 | 3.8662 | 0.0% |
| Off Peak 0 - 0.25 GJ/day | 6.8185 | 6.9201 | 1.5% |
| Off Peak 0.25 - 1.0 GJ/day | 5.4269 | 5.4269 | 0.0% |
| Off Peak 1.0 - 1.5 GJ/day | 4.7186 | 4.7186 | 0.0% |
| Off Peak 1.5 - 5.0 GJ/day | 4.3028 | 4.3028 | 0.0% |
| Off Peak > 5.0 GJ/day | 3.8436 | 3.8436 | 0.0% |
| Average Price Movement | 4.77 | 4.78 | 0.2% |

| Tariff D (Annual MHQ GJ/HR)- South Gippsland | 2020 (\$/GJ) | 2021 (\$/GJ) | % Change |
|---|---------------------|---------------------|-----------------|
| 1 - 50 MHQ/day | 643.1957 | 647.0819 | 0.6% |
| > 50 MHQ/day | 109.4277 | 110.0889 | 0.6% |
| Average Price Movement | 429.05 | 431.64 | 0.6% |

5.2. Ancillary Reference Tariffs

Ancillary Reference Tariffs apply to the provision of Ancillary Services. Ancillary Services are those services that are provided in accordance with Schedule 1 of Part A of 2018-2022 A. These services are detailed below:

- ***Meter and Gas Installation Test*** – on-site testing to check the accuracy of a Meter and the compliance of a Gas Installation with relevant standards, in order to determine whether the meter is accurately measuring the Quantity of Gas delivered.
- ***Disconnection***
 - Removal of the meter at a Metering Installation, or
 - The use of locks or plugs at a Metering Installation in order to prevent the withdrawal of Gas at the Distribution Supply Point
- ***Turn on and Reconnection:***
 - Reinstallation of a meter if it has been removed, or
 - The removal of any locks or plugs used to isolate Supply, and
 - The performance of a safety check and the lighting of appliances where necessary.
- ***Special Meter Reading*** - being meter readings in addition to scheduled meter readings that form part of the Haulage Reference Services.
- ***Installation of a second service valve*** - Installation of a second service valve in a service pit with cover in a public location enabling the disconnection and reconnection of supply without access to the premises/metering installation.

The Ancillary Reference Services will be provided on Business Days between the hours of 8.00am and 4.00pm.

Table 5-2 compares the proposed 2020 Ancillary Reference charges to the 2020 Ancillary Reference charges.

Table 5-2: 2020 versus 2021 Ancillary Reference Charges

| Ancillary Reference Services | 2020 (\$) | 2021 (\$) | % Change |
|--|------------|------------|----------|
| Meter Investigation – High Account Investigation Between the hours of 8am and 4pm on a Business Day | \$151.09 | \$150.56 | -0.35% |
| Meter Disconnection – Use of locks & plugs Between the hours of 8am and 4pm on a Business Day | \$52.92 | \$52.74 | -0.35% |
| Meter Removal – Various Between the hours of 8am and 4pm on a Business Day | \$63.23 | \$63.01 | -0.35% |
| Reconnect Between the hours of 8am and 4pm on a Business Day | \$44.62 | \$44.46 | -0.35% |
| Special Meter Reads Between the hours of 8am and 4pm on a Business Day | \$6.78 | \$6.76 | -0.35% |
| Installation of a second service valve in a pit and disconnect gas supply – paved (without traffic Mgt.) | \$3,372.92 | \$3,361.17 | -0.35% |
| Installation of a second service valve in a pit and disconnect gas supply – paved (with traffic Mgt.) | \$4,179.69 | \$4,165.13 | -0.35% |
| Installation of a second service valve in a pit and disconnect gas supply – unpaved (without traffic Mgt.) | \$1,600.89 | \$1,595.31 | -0.35% |
| Installation of a second service valve in a pit and disconnect gas supply – unpaved (with traffic Mgt.) | \$2,205.97 | \$2,198.28 | -0.35% |

5.3. Price control regime

The regulated price control formula allows MG an average increase in reference tariffs in 2021 of 0.60% over the 2020 tariffs. The allowable price change is determined by reference to the following formula: $(1+CPI) * (1-X) * (1+Pt)$.

The components of this change are:

| Price Control Factor | % Change from 2020 | Factor Information | Price Control Factor |
|-------------------------|--------------------|-------------------------|----------------------|
| Pt | 0.00% | Pass through | Pt |
| X | 0.96% | Real Price Change | X |
| CPI | -0.35% | June 2020 CPI | CPI |
| Average Increase | 0.60% | Overall Increase | % |

The price control formulae allow individual tariffs to increase up to 2.62% (being the average price movement of 0.60% multiplied by (1+2%)) however the total increase across all tariffs cannot exceed 0.60%. The tariff model accompanying this report demonstrates our compliance with these restrictions.

Ancillary Reference and other charges have increased by the maximum allowable CPI of -0.35% 2020 to 2021.

5.4. Future tariffs

Future tariffs will move in line with the allowed price control factors as applied above.

6. New Tariffs

6.1. New Tariffs / Tariff Structures

No new tariffs will be introduced in 2021.

6.2. Derivation of new tariffs / new tariff structure

Not applicable

7. Previous year tariffs

All previous year tariffs are included in section 5.

8. Impact of Tariff Variations

8.1. Change in customer charges

The tables below provide indicative information for an “average” customer assigned to each tariff and the effect the proposed 2021 tariffs will have on the network component of a typical bill.

Table 8-1: Residential Customer – Tariff V

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|------------------|-----------------------|-----------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Fixed | 365 | Days | \$0.18 | \$0.18 | 0.00% |
| Peak | 31.5 | GJ | \$3.40 | \$3.42 | 0.66% |
| May/Oct Shoulder | 10.5 | GJ | \$4.09 | \$4.12 | 0.77% |
| Off Peak | 13.8 | GJ | \$5.11 | \$5.16 | 1.06% |
| Total | 55.8 | GJ | \$5.06 | \$5.09 | 0.61% |

Table 8-2: Business Customer – Tariff V

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|------------------|-----------------------|-----------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Fixed | 365 | Days | \$0.30 | \$0.30 | 0.00% |
| Peak | 164.0 | GJ | \$1.34 | \$1.35 | 0.53% |
| May/Oct Shoulder | 66.5 | GJ | \$1.35 | \$1.36 | 0.56% |
| Off Peak | 137.6 | GJ | \$1.39 | \$1.40 | 0.57% |
| Total | 368.0 | GJ | \$1.66 | \$1.66 | 0.45% |

Table 8-3: Tariff L Customer

| Component | Existing 2020 Average | | | Proposed Average 2021 Price (\$/unit) | % Price Change |
|----------------|-----------------------|------------|-----------------|---|----------------|
| | Usage per annum | Unit | Price (\$/unit) | | |
| Fixed | n/a | | \$0.00 | \$0.00 | 0.00% |
| Peak | 2,752 | GJ | \$0.23 | \$0.23 | 0.60% |
| Shoulder | 1,108 | GJ | \$0.23 | \$0.23 | 0.61% |
| Off Peak | 2273 | GJ | \$0.21 | \$0.22 | 0.60% |
| Rolling Demand | 3.2 | GJ MQH/day | \$0.59 | \$0.60 | 0.61% |
| Peak Demand | 2.9 | GJ MQH/day | \$0.59 | \$0.60 | 0.60% |
| Total | 6,139 | | \$0.44 | \$0.44 | 0.60% |

Table 8-4: Tariff D Customer

| Component | Existing 2020 Average | | | Proposed Average 2021 Price (\$/unit) | % Price Change |
|---------------------|-----------------------|------------|-----------------|---|----------------|
| | Usage per annum | Unit | Price (\$/unit) | | |
| Demand 0 - 50 MHQ | 12.0 | GJ MHQ/day | 1.63 | 1.64 | 0.60% |
| Demand > 50 MHQ | 2.1 | GJ MHQ/day | 0.28 | 0.28 | 0.60% |
| Demand Total | 14.1 | | \$1.43 | \$1.44 | 0.60% |

Table 8-5: Yarra Valley Residential Customer – Tariff V

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|------------------|-----------------------|-----------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Fixed | 365 | Days | \$0.18 | \$0.18 | 0.00% |
| Peak | 29.7 | GJ | \$6.06 | \$6.09 | 0.46% |
| May/Oct Shoulder | 10.8 | GJ | \$6.46 | \$6.50 | 0.57% |
| Off Peak | 11.7 | GJ | \$7.53 | \$7.60 | 1.00% |
| Total | 52.2 | GJ | \$7.61 | \$7.65 | 0.52% |

Table 8-6: Yarra Valley Business Customer – Tariff V

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|------------------|-----------------------|-----------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Fixed | 365 | Days | \$0.30 | \$0.30 | 0.00% |
| Peak | 151.2 | GJ | \$4.41 | \$4.42 | 0.34% |
| May/Oct Shoulder | 61.2 | GJ | \$4.44 | \$4.46 | 0.39% |
| Off Peak | 126.4 | GJ | \$4.46 | \$4.48 | 0.43% |
| Total | 338.8 | GJ | \$4.74 | \$4.76 | 0.36% |

Table 8-7: South Gippsland Residential Customer – Tariff V

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|------------------|-----------------------|-----------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Fixed | 365 | Days | \$0.18 | \$0.18 | 0.00% |
| Peak | 17.7 | GJ | \$7.44 | \$7.49 | 0.59% |
| May/Oct Shoulder | 5.5 | GJ | \$8.29 | \$8.36 | 0.79% |
| Off Peak | 8.0 | GJ | \$8.44 | \$8.53 | 1.01% |
| Total | 31.2 | GJ | \$9.68 | \$9.73 | 0.58% |

Table 8-8: South Gippsland Business Customer – Tariff V

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|------------------|-----------------------|-----------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Fixed | 365 | Days | \$0.30 | \$0.30 | 0.00% |
| Peak | 300.4 | GJ | \$4.59 | \$4.59 | 0.18% |
| May/Oct Shoulder | 123.9 | GJ | \$4.60 | \$4.60 | 0.19% |
| Off Peak | 264.2 | GJ | \$4.67 | \$4.68 | 0.22% |
| Total | 688.4 | GJ | \$4.77 | \$4.78 | 0.19% |

Table 8-9: South Gippsland Tariff D Customer

| Component | Existing 2020 Average | | | Proposed Average | % Price Change |
|---------------------|-----------------------|------------|-----------------|----------------------|----------------|
| | Usage per annum | Unit | Price (\$/unit) | 2021 Price (\$/unit) | |
| Demand 0 - 50 MHQ | 49.8 | GJ MHQ/day | \$1.76 | \$1.77 | 0.60% |
| Demand > 50 MHQ | 33.5 | GJ MHQ/day | \$0.30 | \$0.30 | 0.60% |
| Demand Total | 83.3 | | \$1.17 | \$1.18 | 0.60% |

8.2. Change in average customer charge by tariff

The table below summarises the impact on the total network charge of the proposed 2021 tariffs compared to the current 2020 tariffs for an “average” customer assigned to each tariff.

Table 8-10: Change in Average Customer Total Network Charge

| Component | Existing 2020 \$/Cust/annum | Proposed 2021 \$/Cust/annum | % Change |
|-----------------------------|--------------------------------|--------------------------------|----------|
| Tariff V Residential | \$363 | \$365 | 0.61% |
| Tariff V Business | \$1,036 | \$1,041 | 0.48% |
| Tariff L | \$2,701 | \$2,716 | 0.60% |
| Tariff D | \$8,390 | \$8,440 | 0.60% |
| Yarra Valley Residential | \$470 | \$473 | 0.57% |
| Yarra Valley Business | \$1,921 | \$1,930 | 0.46% |
| South Gippsland Residential | \$369 | \$372 | 0.80% |
| South Gippsland Business | \$3,750 | \$3,760 | 0.26% |
| South Gippsland Tariff D | \$53,568 | \$53,892 | 0.60% |

Appendix 1 – Multinet Gas Metropolitan Area Tariffs

SCHEDULE OF GAS DISTRIBUTION TARIFFS – MULTINET GAS – exclusive of GST

Date of Application – 1 January 2021

| Tariff V | | | | |
|-------------------------------------|--|--|--|--|
| Multinet Metro – Residential | | | | |
| Distribution Fixed Tariff Component | | | | \$0.1830 per day (exclusive of GST) |
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 – 0.05 | 8.8806 | 7.5839 | 8.4760 | 8.4760 |
| > 0.05 – 0.1 | 5.8383 | 4.9627 | 5.5464 | 5.5464 |
| > 0.1 – 0.15 | 3.0185 | 2.5666 | 2.8686 | 2.8686 |
| > 0.15 – 0.25 | 1.5276 | 1.2985 | 1.4513 | 1.4513 |
| > 0.25 | 1.1329 | 0.9766 | 1.0913 | 1.0913 |

| Multinet Metro – Non-Residential | | | | |
|---|--|--|--|--|
| Distribution Fixed Tariff Component | | | | \$0.3018 per day (exclusive of GST) |
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 - 0.25 | 4.0556 | 3.3756 | 3.7220 | 3.7220 |
| > 0.25 - 1 | 2.3486 | 2.0411 | 2.1139 | 2.1139 |
| > 1 - 1.5 | 1.4092 | 1.2218 | 1.3387 | 1.3387 |
| > 1.5 - 5 | 0.7842 | 0.7404 | 0.7641 | 0.7641 |
| > 5 | 0.2617 | 0.2091 | 0.2353 | 0.2353 |

| Tariff L Multinet Metro – Non-Residential | | | | |
|--|--|--|--|--|
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 – 5 | 0.6416 | 0.4510 | 0.5688 | 0.5688 |
| > 5 | 0.1376 | 0.1026 | 0.1292 | 0.1292 |

| Rolling 12-month Maximum MHQ Distribution Demand tariff component (\$/MHQ per day) | Peak MHQ Distribution Demand tariff component (\$/MHQ per day) |
|--|--|
| 0.5965 | 1.7846 |

| Tariff D Metro | |
|-----------------------|--|
| Annual MHQ (GJ/hr) | Distribution Demand tariff component (\$/MHQ) (exclusive of GST) |
| 0 – 50 | 598.9217 |
| > 50 | 101.9014 |

| Peak Definitions | |
|-------------------------|------------------|
| Peak | June – September |
| Off Peak | November – April |
| Shoulder | May |
| Shoulder | October |

Appendix 2 - Yarra Valley Tariffs

SCHEDULE OF GAS DISTRIBUTION TARIFFS – MULTINET GAS YARRA VALLEY – exclusive of GST

Date of Application – 1 January 2021

| Tariff V | | | | |
|--|--|--|--|--|
| Multinet Yarra Valley Towns – Residential | | | | |
| Distribution Fixed Tariff Component | | | | \$0.1830 per day (exclusive of GST) |
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 – 0.05 | 10.5832 | 9.5216 | 10.2293 | 10.2293 |
| > 0.05 – 0.1 | 7.8394 | 7.1447 | 7.6078 | 7.6078 |
| > 0.1 – 0.15 | 5.6037 | 5.2443 | 5.4839 | 5.4839 |
| > 0.15 – 0.25 | 4.4204 | 4.2385 | 4.3597 | 4.3597 |
| > 0.25 | 4.1198 | 4.0200 | 4.0742 | 4.0742 |

| Multinet Yarra Valley Towns – Non-Residential | | | | |
|--|--|--|--|--|
| Distribution Fixed Tariff Component | | | | \$0.3004 per day (exclusive of GST) |
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 - 0.25 | 6.8072 | 6.2533 | 6.5355 | 6.5355 |
| > 0.25 - 1 | 5.1199 | 4.8698 | 4.9288 | 4.9288 |
| > 1 - 1.5 | 4.3555 | 4.2028 | 4.2980 | 4.2980 |
| > 1.5 - 5 | 3.8468 | 3.8112 | 3.8304 | 3.8304 |
| > 5 | 3.4214 | 3.3787 | 3.4001 | 3.4001 |

| Peak Definitions | |
|-------------------------|------------------|
| Peak | June – September |
| Off Peak | November – April |
| Shoulder | May |
| Shoulder | October |

Appendix 3 – South Gippsland Tariffs

SCHEDULE OF GAS DISTRIBUTION TARIFFS – MULTINET GAS SOUTH GIPPSLAND – exclusive of GST

Date of Application – 1 January 2020

| Tariff V | | | | |
|---|--|--|--|--|
| Multinet Gippsland Towns – Residential | | | | |
| Distribution Fixed Tariff Component | | | | \$0.1830 per day (exclusive of GST) |
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 – 0.05 | 11.5179 | 10.3907 | 11.1419 | 11.1419 |
| > 0.05 – 0.1 | 8.5804 | 7.8428 | 8.3346 | 8.3346 |
| > 0.1 – 0.15 | 6.2062 | 5.8247 | 6.0790 | 6.0790 |
| > 0.15 – 0.25 | 4.9497 | 4.7565 | 4.8853 | 4.8853 |
| > 0.25 | 4.6306 | 4.4852 | 4.5820 | 4.5820 |

| Multinet Gippsland Towns – Non-Residential | | | | |
|---|--|--|--|--|
| Distribution Fixed Tariff Component | | | | \$0.3018 per day (exclusive of GST) |
| Consumption Range (GJ/day) | Distribution Volume tariff component – peak period (\$/GJ) | Distribution Volume tariff component – off peak period (\$/GJ) | Distribution Volume tariff component – May Shoulder period (\$/GJ) | Distribution Volume tariff component – Oct Shoulder period (\$/GJ) |
| 0 - 0.25 | 7.5080 | 6.9201 | 7.2196 | 7.2196 |
| > 0.25 - 1 | 5.6927 | 5.4269 | 5.4896 | 5.4896 |
| > 1 - 1.5 | 4.8807 | 4.7186 | 4.8199 | 4.8199 |
| > 1.5 - 5 | 4.3408 | 4.3028 | 4.3232 | 4.3232 |
| > 5 | 3.8890 | 3.8436 | 3.8662 | 3.8662 |

Peak Definitions

| | |
|----------|------------------|
| Peak | June – September |
| Off Peak | November – April |
| Shoulder | May |
| Shoulder | October |

| Tariff D | |
|--------------------|---|
| Annual MHQ (GJ/hr) | Distribution Demand tariff component (\$/MHQ) |
| 0 – 50 | 647.0819 |
| > 50 | 110.0889 |

Appendix 4 – Tariff D MHQ Billing Calculation

Distribution Demand Charge = (Estimated Annual Charge – Charges to Date) / Remaining Bill Periods.

where: Estimated Annual Charge is:

For billing periods between January and September:

If Actual Annual MHQ > Forecast Annual MHQ then:

Estimate Annual Charge = Actual Annual MHQ * Rate

Or:

Estimate Annual Charge = Forecast Annual MHQ * Rate

For billing periods between October and December:

If the Maximum Annual MHQ for the last 9 months is less than the Forecast Annual MHQ then:

Forecast Annual MHQ = Maximum Annual MHQ * Rate

Or:

Estimated Annual Charge = Forecast Annual MHQ * Rate

Note:

A minimum MHQ of 1.15GJ applies to the Estimated Annual Charge. If the MHQ (either the Actual Annual MHQ or the Forecast Annual MHQ) used for the Estimated Annual Charge is less than 1.15GJ then 1.15GJ will be used to calculate the charge.

Charges to Date is the sum of the Distribution Demand Charges that have been charged in the current year.

Remaining Billing Periods is set using the table below:

| Billing Period | Remaining Billing Period |
|----------------|--------------------------|
| January | 12 |
| February | 11 |
| March | 10 |
| April | 9 |
| May | 8 |
| June | 7 |
| July | 6 |
| August | 5 |
| September | 4 |
| October | 3 |
| November | 2 |
| December | 1 |

Note:

The unit rates used for Tariff D are stepped and are as follows:

- 0 – 50MHQ (GJ/Hr) @ \$
- > 50MHQ (GJ/Hr) @ \$

If there is a change in the retailer for a service point, then the Distribution charges for the entire month are charged to the new retailer.

Examples

MHQ = Maximum Hourly Quantity (Measured in Giga Joules (GJ))

Generally, each bill is: (Yearly Amount for Estimate MHQ – Current YTD) / Number of months left in year.

Example 1

Say the Estimated MHQ was 1200 which equated to \$1200 a year and the Estimate proved correct and the MHQ for the year was in fact 1200.

| Month | Actual MHQ | Estimated MHQ | Bill Calc | Bill | YTD |
|-------|------------|---------------|-------------------|------|------|
| 1 | 1000 | 1200 | $(1200 - 0)/12$ | 100 | 100 |
| 2 | 900 | 1200 | $(1200 - 100)/11$ | 100 | 200 |
| 3 | 600 | 1200 | $(1200 - 200)/10$ | 100 | 300 |
| 4 | 500 | 1200 | $(1200 - 300)/9$ | 100 | 400 |
| 5 | 700 | 1200 | $(1200 - 400)/8$ | 100 | 500 |
| 6 | 900 | 1200 | $(1200 - 500)/7$ | 100 | 600 |
| 7 | 800 | 1200 | $(1200 - 600)/6$ | 100 | 700 |
| 8 | 1200 | 1200 | $(1200 - 700)/5$ | 100 | 800 |
| 9 | 1000 | 1200 | $(1200 - 800)/4$ | 100 | 900 |
| 10 | 600 | 1200 | $(1200 - 900)/3$ | 100 | 1000 |
| 11 | 800 | 1200 | $(1200 - 1000)/2$ | 100 | 1100 |
| 12 | 900 | 1200 | $(1200 - 1100)/1$ | 100 | 1200 |

Example 2

Say the Estimated MHQ was 1200 which equated to \$1200 a year and the Estimate was high and the highest MHQ was in fact 1000 in January.

Every September the Estimate is revised to 1000.

| Month | Actual MHQ | Estimated MHQ | Bill Calc | Bill | YTD |
|-------|------------|---------------|-------------------|------|------|
| 1 | 1000 | 1200 | $(1200 - 0)/12$ | 100 | 100 |
| 2 | 900 | 1200 | $(1200 - 100)/11$ | 100 | 200 |
| 3 | 600 | 1200 | $(1200 - 200)/10$ | 100 | 300 |
| 4 | 500 | 1200 | $(1200 - 300)/9$ | 100 | 400 |
| 5 | 700 | 1200 | $(1200 - 400)/8$ | 100 | 500 |
| 6 | 900 | 1200 | $(1200 - 500)/7$ | 100 | 600 |
| 7 | 800 | 1200 | $(1200 - 600)/6$ | 100 | 700 |
| 8 | 900 | 1200 | $(1200 - 700)/5$ | 100 | 800 |
| 9 | 1000 | 1000 | $(1000 - 800)/4$ | 50 | 850 |
| 10 | 600 | 1000 | $(1000 - 850)/3$ | 50 | 900 |
| 11 | 800 | 1000 | $(1000 - 900)/2$ | 50 | 950 |
| 12 | 900 | 1000 | $(1000 - 950)/1$ | 50 | 1000 |

Example 3

Say the Estimated MHQ was 1200 which equated to \$1200 a year and the Estimate was Low and the highest MHQ was in fact 1400 in April.

The April high would increase the estimate up straight away.

| Month | Actual MHQ | Estimated MHQ | Bill Calc | Bill | YTD |
|-------|------------|---------------|----------------------|--------|---------|
| 1 | 1000 | 1200 | $(1200 - 0)/12$ | 100 | 100 |
| 2 | 900 | 1200 | $(1200 - 100)/11$ | 100 | 200 |
| 3 | 600 | 1200 | $(1200 - 200)/10$ | 100 | 300 |
| 4 | 1400 | 1400 | $(1400 - 300)/9$ | 122.22 | 422.22 |
| 5 | 700 | 1400 | $(1400 - 422.22)/8$ | 122.22 | 544.44 |
| 6 | 900 | 1400 | $(1400 - 544.44)/7$ | 122.22 | 666.66 |
| 7 | 800 | 1400 | $(1400 - 666.66)/6$ | 122.22 | 788.88 |
| 8 | 900 | 1400 | $(1400 - 788.88)/5$ | 122.22 | 911.1 |
| 9 | 1000 | 1400 | $(1400 - 911.10)/4$ | 122.22 | 1033.32 |
| 10 | 600 | 1400 | $(1400 - 1033.32)/3$ | 122.22 | 1155.54 |
| 11 | 800 | 1400 | $(1400 - 1155.54)/2$ | 122.22 | 1277.76 |
| 12 | 900 | 1400 | $(1400 - 1399.98)/1$ | 122.22 | 1399.98 |

Appendix 5 – Tariff L: Description and Business Rules

Description and Requirements

The L tariff is open to customers:

- consuming more than 1TJ per annum;
- consuming less than 10TJ per annum; and
- have an MHQ demand of less than 10 GJ per hour.

In association with introduction of the L tariff, Multinet Gas has withdrawn the Non-residential V tariff to new customers who have at any time consumed more than 5TJ per consecutive 6 month period.

L tariff customers must:

- pay for an appropriate meter which is capable of recording MHQ
- pay a charge for providing connection assets and mains extensions that have been previously undertaken for that distribution supply point; and
- continue to be assigned to Tariff L for a period of up to 1 year.

Tariff Structure

Rolling 12 Month Maximum MHQ Charge:

- The 12 Month Rolling Maximum Demand Charge is a daily charge based on the highest demand (MHQ) delivered over 12 months to the end of the billing period.
- There is no minimum chargeable demand and no tariff step based on MHQ.
- In exceptional circumstances, customers can apply for their Rolling 12 month Maximum MHQ to be decreased

If a particular customer has changed their gas usage over a shorter term than the 12 months covered by the Rolling 12 month Maximum MHQ (e.g. 3 - 6 months), then they are eligible (on their request) to accelerate their reduction in demand before the 12 month period is up.

If a customer wants to reduce their chargeable demand, they must complete a "Demand Reset Form." This should be faxed to 03 9256 5590.

The form allows for input of the reason for the demand reset being requested. If the reset is being requested because of an unusual event that has caused a peak during one month that is outside the normal operating thresholds for the business, this event will be investigated. If it is substantiated then a reset may be approved.

Where a customer ceases to take supply or changes retailer the maximum demand will be calculated with respect to the 12 months prior to the end of the billing period in question.

Peak MHQ Distribution Demand Charge Business Rules: – The Peak MHQ

Distribution Demand Charge is a daily charge based on the highest demand (MHQ) delivered in any billing period during the hours 6 am to 10 am on weekdays over the 4 Peak months.

- The four Peak Months are June through to end of September
- There is no minimum chargeable demand and no tariff step based on MHQ
- Where a customer ceases to take supply or changes retailer the maximum demand will be calculated with respect to the billing period in question.

For ease of explanation, the means of calculating the Peak MHQ Distribution Demand Charge is broken down into:

- Periods when maximum demand may be measured for calculating a Peak MHQ Distribution Demand Charge quantity.
- Calculation of the Peak MHQ Distribution Demand Charge quantity to be applied to the billing calculations.
- Application of the Peak MHQ Distribution Demand Charge quantity to the billing period.

Times that are relevant to identify the Peak MHQ Distribution Demand Charge:

- Peak months, where Peak is defined as 1 June to 30 September.
- Weekdays, excluding public holidays.
- Hours between 6am and 10am local time.

The Peak MHQ Distribution Demand Charge demand quantity to be applied to the billing calculation is:

- The highest MDQ measured in the monitored periods during each billing period
- Application of Peak MHQ Distribution Demand Charge quantity to the billing period:
- The billing period is the period covered by the bill which is generally a period between; scheduled meter reads, or special meter reads.
- The 4 Hour Peak Demand Charge for the billing period is the product of; the 4 Hour Peak Demand Charge quantity multiplied by the 4 Hour Peak Demand Charge unit rate multiplied by the number of peak days in the billing period.

Appendix 6 – Multinet Gas Postcodes

Melbourne Metropolitan Area

3000*, 3004, 3006, 3008*, 3097*, 3101, 3102, 3103, 3104, 3105, 3106, 3107, 3108, 3109, 3111, 3113, 3114, 3115, 3116, 3122, 3123, 3124, 3125, 3126, 3127, 3128, 3129, 3130, 3131, 3132, 3133, 3134, 3135, 3136, 3137, 3138, 3140, 3141, 3142, 3143, 3144, 3145, 3146, 3147, 3148, 3149, 3150, 3151, 3152, 3153, 3154, 3155, 3156, 3158, 3159, 3160, 3161, 3162, 3163, 3165, 3166, 3167, 3168, 3169, 3170, 3171, 3172, 3173, 3174, 3175*, 3177, 3178, 3179, 3180, 3181, 3182, 3183, 3184, 3185, 3186, 3187, 3188, 3189, 3190, 3191, 3192, 3193, 3194, 3195, 3196, 3197, 3201*, 3202, 3204, 3205, 3206, 3207, 3765, 3766, 3767, 3770*, 3781, 3782, 3783, 3785, 3786, 3787, 3788, 3789, 3791, 3792, 3793, 3795, 3796, 3802, 3804*.

*Postcodes shared with Australian Gas Networks (VIC) Pty Ltd ACN 085 899 001.

Yarra Valley Gas Extension

Incorporating additional postcodes: 3139, 3775, 3797, 3799

South Gippsland Extension

Incorporating additional postcodes: 3984, 3950, 3953, 3995, 3996.