



5 September 2014

Sebastian Roberts  
General Manager  
Jemena Gas Access Arrangement Review  
GPO Box 3131  
Canberra ACT 2601

Dear Mr Roberts

**RE: FURTHER SUBMISSION TO JEMENA'S ACCESS ARRANGEMENT PROPOSAL**

Origin Energy LPG (ABN 77 000 508 369) ("Origin") welcomes the opportunity to provide a further submission in relation to the Australian Energy Regulator (AER) on Jemena Gas Networks' (JGN) Access Arrangement process, specifically in relation to the marked-up version of JGN's proposed Reference Service Agreement (RSA), as provided by the AER on 8 August.

Origin has some further concerns now we have had a chance to review the marked up version of the RSA. We also have concerns in relation to JGN's proposed move to a business to business (B2B) system for processing customer requests. These concerns have arisen since we made our submission on 8 August and hence we raise them below.

**1. Move to business-to-business market platform**

In addition to the development of the 2015 - 2020 JGN Access Arrangement, Jemena is concurrently working to deliver a replacement to its existing market system with a new Customer Management System. Jemena engaged with industry (retailers and AEMO) in late 2012 to explore options to harmonise NSW/ACT B2B processes with other gas retail markets.

The process has evolved into the NSW ACT Retail Gas Project (NARGP), which is on-going and is facilitated by AEMO. This project will develop an up-dated set of Retail Market Procedures for NSW and ACT, which will be applicable to the new B2B operational environment scheduled for commencement in the second quarter of 2016. This includes not only JGN but other gas networks in NSW and the ACT.

It is expected that the delivery of the NARGP will include updated and new obligations for industry, to help meet changing customer and market expectations. Origin expect this to include clear and accountable timeframes for the delivery of the meter reads, to enable Origin to efficiently bill its retail customers. Origin highlights that these are process readily available in other jurisdictions, and that they support the effective and efficient transfer of customers to their retailer of choice and rectification of transfer errors. Requirements on the NSW/ACT system should be driven by customers' expectations rather than solely by JGN's requirements.

Since making our initial submission, Origin has learned from JGN that it does not intend to build a full functionality for B2B and has not factored the cost of this into its Access Arrangement proposal. As a result it will be unable to commit to meeting basic service levels as exist in other jurisdictions.

Origin requests that JGN explain on what basis they propose to move to a B2B system and how the considerable capital allocated in the proposed Access Arrangement is not adequate to build a complete B2B functionality, and why, if they require more capital to meet the requirements of a full system, they have not requested this.

## 2. Gas quality

In clause 10.1 JGN proposes that:

*As between the Service Provider and the User, the User must ensure and procure that Gas delivered to each Relevant Receipt Point complies with the following specification: [...]*

In Origin's view, a User should not be responsible for the quality of gas introduced on behalf of another User. We note that the definition of "Relevant Receipt Point" in the RSA would not preclude User A being responsible for the poor quality of gas introduced by User B.

A better alternative drafting would say:

*As between the Service Provider and the User, the User must ensure and procure that Gas delivered to each Relevant Receipt Point on behalf of the User complies with the following specification: [...]*

The User is unable to control the quality of gas introduced by other users and hence this is a poor alignment of risk.

## 3. Procedure for adding a Delivery Point by Request

Under the current RSA when a User wants a delivery point added to the network there are a number of conditions that must be satisfied. One of these conditions includes:

*(d) the Service Provider is able to assign the delivery point to a Tariff Class based on the characteristics of the relevant Customer as provided by the User, and if necessary for a Tariff Class to be able to be assigned, the User and the Service Provider agree on the assigned Tariff Class;*

JGN proposes to amend this to:

*(d) the Service Provider is satisfied that it has sufficient information to assign the delivery point to a Tariff Class, and if necessary for a Tariff Class to be able to be assigned, the User and the Service Provider agree on the assigned Tariff Class.*

This gives JGN broad scope to require information of the User. Origin highlights that, in its experience, JGN has made requests for information that Origin did not deem necessary in support of market entry and customer connections. It is important that where JGN as a requirement that it be satisfied, that this be while acting reasonably. A preferable drafting would read:

*(d) the Service Provider is satisfied, acting reasonably, that it has sufficient information to assign the delivery point to a Tariff Class, and if necessary for a Tariff Class to be able to be assigned, the User and the Service Provider agree on the assigned Tariff Class.*

## 4. Removal of Temporary Disconnection service for small customers

JGN proposes to remove the Temporary Disconnection service for small customers, on the basis that:

- if a customer fails to settle any outstanding charges within ten days the contract between JGN and the customer falls away, and hence
- the customer must be removed from Customer List in the Reference Service Agreement between JGN and the retailer.

JGN proposes instead to remove the customer from the Customer List and require the retailer to request a new connection in order for the customer to be reconnected.

In Origin's main submission on JGN's Regulatory Proposal we highlighted that we do not believe that the National Energy Retail Rules (NERR) oblige JGN to remove the Temporary Disconnection service for small customers. Further, we do not believe removing this service supports the National Gas Objective, since this will make reconnection a slower and less efficient process.

Having reviewed the marked-up version of the RSA there is further evidence of the inconsistency in the proposed approach. Clause 12(a)(iii) and (iv) propose that:

*(iii) The User will still be entitled to ask for decommissioning under clause 15.9 despite the removal of the Delivery Point from the Volume Customer List; and*

*(iv) notwithstanding the removal of the Delivery Point from the Volume Customer List, the Parties will co-operate and the User will continue to provide reasonable assistance so that the Service Provider may obtain access to each delivery station and to the Measuring Equipment.*

These clauses highlight that despite JGN's claim that the customer must be removed from the Customer List in the RSA, the retailer remains responsible for the customer (and any consumption) and indeed both parties must cooperate in relation to the customer. Given this, it is logical that JGN should retain the customer on the RSA and continue to offer a Temporary Disconnection service.

#### 5. Alteration or additions to a delivery point at a User's request

JGN proposes to remove the option for a User to request an alteration to a Delivery Point. Origin seeks to understand the justification for this. It does not appear to be detailed in JGN's *Explanation of JGN's Reference Service Agreement* document.

If you have any questions regarding this submission, please contact Hannah Heath in the first instance on (02) 9503 5500.

Yours sincerely



Keith Robertson  
Manager, Wholesale and Retail Regulatory Policy