

**SOUTH AUSTRALIAN FEDERATION OF RESIDENTS  
AND RATEPAYERS ASSOCIATION INC (SAFRRA)  
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17<sup>th</sup> February 2021

Australian Energy Regulator

**Attention:** Australian Gas Networks Regulatory

Framework Review 2021 - 2026

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Dear Regulator

**SAFRRA INC., SUBMISSION**

**Australian Gas Networks Revised AA Proposal and Draft Decision July 2021 –  
30 June 2026**

**SAFRRA wishes to thank AER for the opportunity to comment regarding the  
'Australian Gas Networks Regulatory Revised AA Proposal and Draft 2021 -  
2026'.**

**Overview** - SAFRRA Inc., submission of the “Australian Gas Networks Revised AA Proposal and Draft Decision July 2021 – 30 June 2026”. SAFRRA Inc., truly wishes to reinforce that most ratepayers and residents in South Australia are finding Gas prices and the associated services charges are far too high. There are too many South Australian’s in particular the low income families, self-funded retiree’s, aged pensioners, Covid -19 effected individuals, single parents and those with disabilities who are ongoing under utilities’ financial stress. We believe the recognition of gas customer’s ability to pay the current gas prices and service charges by the many very low income individuals and families where gas prices are unaffordable to these customers. We believe the Australian Gas Networks has implemented with compassion, hardship programs in conduction with the State Government / Federal Government funded support (concessions).

We believe the State and Federal Governments to be the responsible body for concessions to vulnerable ratepayers and residents in this Australian Gas Networks Revised AA Proposal and Draft Decision July 2021 – 30 June 2026 period. The Government/s to have these concessions in place for vulnerable gas customers. The residents of South Australia in particular have seen high rises in utility prices (electricity, gas, water) and can no longer afford the sudden spikes (rises) in gas prices. We accept that the business, manufacturing, mining and agricultural sectors must have gas pricing that is affordable, competitive compared to the rest of Australia for all these industries to grow, expand and employ more South Australia’s throughout this State, especially in some of the depressed employment regional areas of South Australia. We commend Australian Gas Networks green energy projects in South Australia – Hydrogen mix.

## **SAFRRA Inc., Submission**

**1. Pricing** - SAFRRA Inc. believes Australian Gas Networks must keep gas prices as low as possible, keeping bills affordable to all South Australians and we are pleased to have AER's support. We commend AGN for the better understanding of vulnerable customers, the Covid -19 impact on the South Australian Community. We support AER's Residential Customers 8% gas price cut from the 1<sup>st</sup> July 2021, the proposed 7% price cut by AGN equals to \$40.00 per year bill reduction but we would have always preferred a higher reduction where possible. Employing South Australians, the Business Communities Gas price reduction of \$360.00 per year helps business but it is still small reduction and the Industry gas price reduction of around \$20,000 helps Industries to better financially afford employing more South Australians especially in the Regional areas of South Australia. AGN's delivering their Environmental and Socially Responsibilities – **AER please make sure AGN's have the ability to implement meaningful hardship programmes.**

We support AER regarding an initial price cut of 8%. AGN's lower inflation will increase revenue by \$37 million but will be offset by a lower rate of return and lower total expenditure. AGN's price impact of 4%, for mains replacement, valve replacement, vulnerable customer assistance programs and digital customer experience project and removing replaced assets that are no longer providing a service from there RAB is not a major impact financially for AGN and can be redesigned / adjusted slightly for AER approval. AGN's SA Debt & Equality Costs 25/26, of 4.52%.

**2. Mains Replacement Programme** - SAFRRA Inc., – Strongly supports AGN 770 kilometres mains replacement programme including all CI/UPS and other lower pressure mains in this current five-year plan. Delays and cuts to this programme will cause higher costs and safety concerns in the next five-year plan.

**3. Funding the various operating initiatives** - SAFRRA Inc. commends and strongly supports the Vulnerable Customer Assistance Programme and whether it's in the derestriction of AER, please support these initiatives.

**4. AER**– SAFRRA Inc. supports AER's accepting a portion of UAFG with renewable gas and open to collectively engaging on the future of gas.

**5. Revised Opex** - SAFRRA supports AGN's revised final plan of Opex \$351 million.

**6. Revisited Capex** – SAFRRA Inc. supports AGN's final plan and accept not to proceed with the Mt Barker extension in this regulatory period. To be revisited in the next regulatory period.

**7. IT Capex** – SAFRRA Inc., is pleased with AER's Draft Decision re AGN's IT investment. Updating IT is very important to any business and to be cost efficient to customers.

**8. Capital Base** – SAFRRA Inc. strongly supports AGN’s and AER decision regarding replacing plastic pipes through insertion of new plastic pipes is an asset replacement and not an asset modification and have no ongoing role delivering of services to gas customers.

### **Summary**

SAFRRA Inc. has seen over many years’ millions of dollars of taxpayer’s money spent on countless reports and inquires. SAFRRA Inc. encourages AER to make sure as an independent body they support gas prices / services to all gas consumers to be not overinflated. Affordable pricing for all South Australians even if it means a lower cost for gas and supply charges for the most vulnerable gas customers, especially Covid -19 effected customers. Many of these residents and ratepayers may have reduced employment or will be made permanently unemployed through the virus which is ongoing. Even with vaccinations rollout ahead for eventually all Australians.

SAFRRA Inc., expect Gas prices, new products / innovations within the Gas Industry such as Hydrogen / Hydrogen Infrastructure Facilities in South Australia for South Australia’s achieving green carbon free. Affordable gas / infrastructure which can be blended into AGN’s distribution network, returning an expected reduction of AGN’s gas prices for all South Australian gas customers. We expect electricity prices with renewables and green hydrogen to go down reducing AGN’ s costs that must be passed onto residents and ratepayers in South Australia.

Hydrogen carbon free gas blend. New Hydrogen production projects (green energy) AGN’s Hydrogen Park SA project in South Australia. SAFRRA Inc. believes AGN’s is working with industry benchmarks to be cost efficient well above industry benchmarks for the benefit of ratepayers and residents in South Australia. AER by delivering profitable growth to AGN which can be achieved but not at the expense of customers by increasing gas pricing supply and high service charges, resulting in too high / excessive gas prices for all consumers.

The Hydrogen Council indicates that over the next decade the cost of green hydrogen supply from renewables could be cut in half. Hydrogen could play a role in clean energy transition and besides hydrogen, increase in renewables, energy efficacies, a shift from coal to gas and carbon capture and storage. The different types of hydrogens: - Black, Brown, Blue, Yellow, Pink, Green. What an exciting, refreshing reduction in business costs are ahead. Thank you.

Yours sincerely

Kevin Kaeding,  
President  
South Australian Residents and Ratepayers Associations Inc.