

May 2021

## Statement of reasons: Jemena Gas Networks Distribution Annual Tariff Variation

On 15 April 2021, Jemena Gas Networks applied to the AER for a variation of its distribution tariffs for the period 1 July 2021 to 30 June 2022.

The AER has reviewed Jemena Gas Networks' application in line with its 2020–25 access arrangement and is satisfied that the tariff variation proposal complies with the principles and formulae set out in sections 3 and 4 of this access arrangement.

At an aggregate level, the weighted average price movement is flat. The price movement is a result of the price path set by the 2020–25 access arrangement (a decrease of 4.54%) which is offset by the cost of unaccounted for gas and licence fees (increase of 3.91%) and the 0.86% increase in the CPI in the year to December 2021.

While the pricing movements vary for different tariff categories and regions, the AER finds that such changes are compliant with the mechanisms set in the access arrangement.

Having considered Jemena Gas Networks' proposal and finding it compliant, the AER approves these tariffs for commencement from 1 July 2021.

In approving Jemena Gas Networks' tariff variation proposal, we estimate the network component of the typical bill for Jemena Gas Networks' small customers on volume tariffs to be \$10.20 higher for 2021.<sup>1</sup>

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<sup>1</sup> Average consumption profiles are used for these estimated cost movements, using AER benchmark volumes. The average residential consumption profiles used are 20 GJ/year.