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Jemena Gas Network - Access Arrangement Proposal 2010 -1015

Thank you for the opportunity to comment upon the Jemena Gas Network - Access Arrangement Proposal 2010 -1015.

TRUenergy is concerned that several sections of the proposed Reference Services Agreement reflect the non-negotiable offerings of a monopoly service provider, rather than a negotiated outcome arbitrated by a regulator seeking to balance the asymmetrical bargaining power of the parties.

Two relevant sources provide a benchmark for an independently assessed distributor-retailer framework against which the Jemena proposal may be evaluated:

- The first exposure draft of the Retail Support Contract for the National Energy Consumer Framework, developed by the Standing Committee of Officials.
- The terms and conditions of the Victorian Gas Distribution Access Arrangements.

The attached table shows that, compared against these documents, several sections of the Jemena proposal are unreasonably weighted against retailers. TRUenergy recommends that Jemena be required to re-draft those sections, consistent with a more balanced contractual relationship.

Please contact me on (03) 8628 1122 if you require additional information.

Yours sincerely,

Graeme Hamilton
Manager Regulatory Development

Jemena Proposal		SCO Retail Support contract	Victorian Gas Access Arrangements	Comment
22.1 Invoice frequency	Determined at the absolute discretion of the service Provider	Monthly, by the 10 th business day of each billing period	No more frequently than twice per month. Best endeavours must be used to render invoices on the same business day of each month.	No certainty in invoice frequency.
22.5 Interest on overdue payments	Corporate overdraft interest rate (9.14% on 30/10/09) plus 2%.	Bank bill rate (3.97% on 30/10/09) plus 2%.	Bank bill rate (3.97% on 30/10/09) plus 2%.	Significantly higher interest rate.
22.3 Due date for payment	14 days. If the due date is not a business day, the last business day before the 14 th day.	10 business days	10 business days	Shorter payment period over holiday period.
22.6 Disputed payments – time to dispute	Must be disputed within 10 days of receipt	Before the due date for payment`	2 business days prior to payment.	Fewer days for dispute
22.6 Disputed Payments – basis of dispute	Must pay in full, except any amount which is manifestly wrong.	May withhold a disputed amount	May withhold a disputed amount	“Manifestly wrong” test is unreasonably onerous.
30(a) Security	If requested at any time, the User must provide security	May require credit in accordance with AER Credit Support Guidelines	May request an undertaking, but only in specified circumstances	Unilateral discretion to request security is unfair and unreasonable