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11 March 2016

Mr Warwick Anderson
General Manager, Network Finance and Reporting
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Anderson

I write in relation to the approval being sought by Australian Gas Networks (AGN) from the AER to extend the natural gas network to Mount Barker.

The Urban Development Institute of Australia SA (UDIA) supports this request for AGN's proposal to extend its distribution network.

The UDIA has a number of its members as developers in Mount Barker and has a particularly keen interest in ensuring that adequate infrastructure is provided for in the area as much development is already underway.

In our opinion the availability of reticulated gas is essential as it improves customer choice and energy security, as well as achieves better environmental outcomes. We recognise that natural gas is an effective and affordable fuel and is very well suited to the cooler climate of Mount Barker as most energy use is spent on winter heating.

Many developers have already installed reticulated LPG in new developments as a direct result of the absence of and uncertainty of a natural gas network being provided in the area. I understand that there are high connection rates where LPG has been made available. Our expectation is this would (at least) continue to be the case if natural gas were to be made available

The UDIA is disappointed that this essential infrastructure has not already been provided for. Our expectation is that those who are already connected via LPG will ultimately connect to the natural gas network, which will result in some developers/new homeowners not only paying 100% for their initial gas network/service, but potentially paying twice by also contributing to the broader costs when transitioning to natural gas. As such, we would also request that they be compensated where possible if any works are completed.

It is for the reasons above that the UDIA supports broader community funding for essential infrastructure, because unlike existing home owners, new home owners invariably end up paying up-front for the full cost of new infrastructure plus other community infrastructure that benefits the broader community.

Please do not hesitate to contact me if you would like any further information.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Pat Gerace', is written over a light blue horizontal line.

Pat Gerace
EXECUTIVE DIRECTOR