Jemena Gas Networks (NSW) Ltd

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2025-30 Access Arrangement Proposal

Attachment 7.2, Ancillary Reference Services

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Abbreviations

ACS	Alternative Control Services
ARS	Ancillary Reference Services
AER	Australian Energy Regulator
CAM	Cost Allocation Methodology
CATS	Cross Application Time Sheets
CPI	Consumer Price Index
GJ	Gigajoule
GST	Gas Service Technician
JEN	Jemena Electricity Networks (VIC) Ltd
JGN	Jemena Gas Networks (NSW) Ltd
NGL	National Gas Law
NGR	National Gas Rules
NPV	Net Present Value
SME	Subject Matter Expert

Overview

Key messages

- Ancillary Reference Services are customer or retailer requested services for disconnections, reconnections, abolishments, special meter reads and ad hoc requests.
- We propose estimating initial charges for these services using a bottom-up approach that combines the expected labour, material, contractor, and overhead costs involved in delivering those services. These costs are sourced from our current or recent costs, or from existing contracts.
- As described in *JGN-Att 10.1-Pricing*, we propose that these charges update over the 2025–30 period using the individual price cap form of control. Capped charges update each year for actual inflation and an X-factor, which we propose is based on forecast real labour escalation.
- Our initial charges are calculated using an Ancillary Reference Services (**Ancillary RS**) model that is based on the Australian Energy Regulator's (**AER**'s) standardised model for fee-based and quoted services, adapted as required to reflect our proposed Ancillary RS.

This attachment explains how we propose to determine the initial prices and X factors for Ancillary RS, for the purposes of applying the control mechanism in *JGN-Att 10.1-Pricing*. We determine our prices for Ancillary RS in accordance that mechanism. Under that mechanism, initial prices for the first year of the regulatory period are approved by the AER for each service in its determination. These prices are then adjusted to account for changes in CPI and real input price escalations (X factors) and the X factors determined by the AER.

We have adopted a bottom-up approach to develop prices for all our Ancillary RS, except for those that are individually priced. The proposed prices are based on forecast efficient costs of delivering services. These costs include:

- labour and materials costs
- charges we pay to service providers (i.e., contractors)
- administrative and other direct costs
- indirect costs (overheads)[1].

Our combined overhead is lower than the 61% benchmark previously estimated by Marsden Jacob for the AER for alternative control services, and considered in recent draft decisions for the NSW electricity distribution networks.[2]

The standard labour rates—which include on-costs[3] but not overheads—we apply in the cost build-up model for Ancillary RS are the same as those we have proposed for individually priced Ancillary RS, and the material costs reflect the forecast cost of materials directly incurred in the provision of the service. We then add overheads for each of the services.

We have escalated the labour rates by forecast real input price changes over the 2025–30 period which has been determined using the average of forecasts by BIS Oxford Economics[4] and KPMG[5] of wage-price indices for the

1 See section 3.1 for more details.

2 Marsden Jacob, *Review of Alternative Control Services*, September 2018, p. 8. The Marsden Jacob benchmark of 61% covers both overheads and any margins.

3 See section 1.2 for more details on our proposed on-costs.

4 We have used BIS Oxford Economics' forecast Wage Price Index of the NSW Electricity, Gas, Water and Waste Services ('Utilities') sector, sourced from *JGN-Oxford Economics-Att 5.5-Input cost escalation*.

5 KPMG, *Wage Price Index Forecasts*, *Report 3 – Australian Energy Regulator*, 18 August 2023.

utilities sector. A report from BIS Oxford Economics explaining their forecast is provided in *JGN-Oxford Economics-Att 5.5- Input cost escalation*.

How we derived these prices are described in the relevant sections of this attachment, and the calculations are shown in the cost build-up model for Ancillary Reference Services in *JGN-Att 7.2M-Ancillary services model*. Appendix A sets out the calculated prices, rounded to the nearest dollar.

1.1 Structure of this attachment

This attachment is focussed on Ancillary RS and is structured as follows:

- Section 1 outlines our approach to developing our proposed labour rates for Ancillary RS
- Section 2 outlines our labour and contractor costs incurred in providing our Ancillary RS
- Section 3 outlines our approach to overheads, which are added to the labour and material costs described in sections 1 and 2
- Section 4 provides details on our disconnection and reconnection services, and how we develop our charges for them
- Section 5 provides details on our abolishment services and how we develop our abolishment charges
- Section 6 provides details on our special meter reads services and how we develop charges for them
- Section 7 outlines how we have calculated our proposed charges for non-standard request and queries initiated by retailers.

List of supporting attachments

Table 1: List of supporting attachments

Attachment	Name	Author
5.5	Input cost escalation	Oxford Economics
6.1	Operating expenditure	JGN
6.5	Cost Allocation Methodology	JGN
7.2M	Ancillary Reference Services model	JGN
10.1	Pricing	JGN

1. Labour costs

This section outlines our approach to developing our proposed labour rates for Ancillary RS for the 2025–30 period, for:

- JGN's billing staff
- JGN's commercial staff
- Zinfra back office
- Zinfra gas service technician (**Zinfra GST**)
- Startek subject matter expert (**SME**)
- Startek agent.

To estimate the labour rates for each labour category, we sourced current and future labour costs from our financial system (e.g., Cross Application Time Sheets (**CATS**) rates[6] and actual costs incurred) and from our current contracts with Zinfra and Startek. We used CY24 CATS rates for members of our billing and commercial teams that undertake Ancillary RS activities to estimate average labour rates for each team. We used actual labour costs charged by Zinfra to us, including any associated Zinfra overheads charged to us, to estimate the Zinfra back office and Zinfra GST labour rates. We sourced the Startek rates from the contract that we have with Startek for contact centre and other transactional activities, including those that helps us deliver Ancillary RS.

We used our 2024 raw labour rate for each labour category and escalated it using the forecast rate for real labour cost escalation to derive our 2025-26 raw labour rates.[7] For each labour category, our proposed labour rates comprise of the following components:

- raw labour costs
- vehicle costs (where applicable)[8] and
- on-costs.

Our assumptions and the breakdown for each of these components are set out in the following sections.

1.1 Raw labour rates

The raw labour rates are the most basic hourly labour rate and excludes all JGN on-costs and overheads. These rates have been determined using the approaches described in Table 1–1.

Table 1–1: Approach to calculating raw labour rates

Labour category	Approach
Billing and commercial	We estimated the raw labour rates for the billing and commercial teams by averaging the total cost of remuneration of a representative workgroup of employees for each team and dividing it by the chargeable hours in a year.
Zinfra back office and Zinfra GST	We determined the raw labour rates for the Zinfra back office and Zinfra GST roles based on the actual labour costs charged to us by Zinfra in CY24. We are charged these costs under an

6 CATS rates are the rates used for Cross Application Time Sheets, which is a functionality in our enterprise resource planning software, SAP. These rates are what we use to charge staff time to projects and cost categories based on our actual costs incurred.

7 The escalator we have applied to labour reflects the average of forecasts by BIS Oxford Economics and KPMG of wage price indices for the utilities sector.

8 Specifically, the costs charged by Zinfra include an allowance for vehicle costs incurred by the Zinfra labour, such as Zinfra GST roles.

	agreement we have with Zinfra.[9] The raw labour rates include on-costs and Zinfra overheads. These rates do not include our overheads.
Startek SME and agent	We determined the raw labour rates for the Startek SME and agent roles from the commercial agreement we have with Startek. These rates include on-costs and any Startek overheads and margins.

Table 1–2 lists the hourly rates for the proposed labour rate categories.

Table 1–2: Raw labour rates ($ June 2024, dollars)

Labour category	Base raw hourly rate
Billing	[redacted]
Commercial	
Zinfra back office	
Zinfra GST	
Startek SME	
Startek agent	

1.2 On-costs

We have added two types of on-costs to the raw labour rates for billing and commercial labour categories:

- basic leave entitlements, including annual leave, sick leave and public holidays, and
- standard on-costs such as superannuation, workers compensation, payroll tax, annual leave loading, and long service leave based on federal and state law requirements.

We apply the on-costs as a percentage (all on-costs combined together) to the raw or base rate for the billing and commercial labour categories. Table 1–3 outlines the percentages applied to each labour category.

[9] This is the Jemena Gas Services Agreement between Jemena Asset Management and Zinfra, which covers repair, maintenance and construction activity.

Table 1–3: Proposed on-costs (%)

Description	Percent applied on raw labour rate
Standard leave (annual leave, sick leave, public holidays)	18.18%
Superannuation	12.00%
Workers compensation	1.38%
Payroll tax	5.45%
Annual leave loading	1.35%
Long service leave	2.50%
Proposed on-costs (combined)	**47.00%**

Standard leave

We adopted the 18.18% standard leave rate advised by Marsden Jacob in its advice to the AER in 2018 and recently adopted by the AER in its decisions for the NSW electricity distribution networks.[10] That rate was derived as follows

$$Standard\ leave\ rate = \frac{Standard\ leave\ weeks}{Net\ available\ working\ weeks}$$

There are assumed to be 44 working weeks after accounting for 8 weeks of leave (4 weeks of annual leave, 2 weeks of sick leave, and 2 weeks of public holidays).

The resulting calculation is shown in Table 1–4.

Table 1–4: Standard leave calculation

Component	Weeks
Weeks per year	52
Annual leave	4
Sick leave	2
Public holidays	2
Standard leave weeks	8
Net available working weeks	44
Standard leave rate (8/44)	**18.18%**

Superannuation

We have applied a percentage of 12.0% in our model to account for superannuation payments under the Superannuation Guarantee (Administration) Act 1992).[11]

Workers compensation

The Workers Compensation component of 1.38% is sourced from ICARE, which determines the insurance premiums that we incur for employees in NSW. This combines 1.26% for the base (or 'WIC') rate and 0.121% for

[10] Marsden Jacob, *Review of Alternative Control Services*, September 2018, p. 5.

[11] The superannuation guarantee is 11.5% of employees based earnings from 1 July 2024. This is planned to increase to 12.0% from 1 July 2025 as set out in section 19(2) of the Superannuation Guarantee (Administration) Act 1992.

the dust disease contribution.[12] This is consistent with the AER's April 2024 decisions on the labour rates applicable to the NSW electricity networks' alternative control services.

Payroll tax

Payroll tax is a self-assessed general purpose state and territory tax assessed on wages paid or payable by an employer when the total wage bill of an employer (or group of employers) exceeds a threshold amount. For NSW, the threshold is $1.2 million (annually). The payroll component is 5.45%,[13] which is consistent with the AER's April 2024 decisions on the NSW electricity networks' alternative control services.

Annual leave liability

The 1.35% annual leave liability represents an uplift in the liability arising from annual pay increments for employees who have accrued annual leave balances over the course of their employment. It is based on 2018 advice to the AER from Marsden Jacob and was also adopted by the AER in its April 2024 decisions on the NSW electricity networks' alternative control services.[14]

Long service leave

The long service leave rate of 2.5% included in the build-up of standard on-costs accounts for long service leave liability. It is also based on 2018 advice to the AER from Marsden Jacob and was adopted by the AER in its April 2024 decisions on the NSW electricity networks' alternative control services.[15]

1.3 Proposed hourly labour rates

Table 1–5 shows our proposed labour hourly rates, which includes total on-costs and any Zinfra or Startek overheads, but not JGN overheads. We use these standard labour rates to develop prices for Ancillary RS.

Table 1–5: Standard hourly labour rates for FY26 ($ June 2026, dollars)

Labour category	Raw labour rates	JGN on-costs (including leave)	Proposed hourly labour rates
Billing	[redacted]	47%	[redacted]
Commercial		47%	
Zinfra back office		-	
Zinfra GST		-	
Startek SME		-	
Startek agent		-	

(1) Standard hourly labour rates includes Zinfra, Startek, or JGN on-costs and any Zinfra or Startek overheads, but excludes JGN overheads.

1.4 Labour rate escalation and X-factors

We propose to apply the labour escalation rate consistent with those used for escalating Transportation Reference Service operating expenditure. For more detail on these labour escalators refer to section 8.2 in *JGN-Att 6.1-Operating expenditure*.

12 https://www.icare.nsw.gov.au/-/media/icare/unique-media/employers/premiums/calculating-the-cost-of-your-premium-2023-2024/workers-compensation-premium-rates-2023-2024.pdf.

13 https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/payroll-tax/rates-and-thresholds.

14 Marsden Jacob, *Review of Alternative Control Services*, September 2018, p. 5.

15 Marsden Jacob, *Review of Alternative Control Services*, September 2018, p. 6.

We propose to escalate the Ancillary RS labour rates over the 2025–30 period by X-factors based on only labour escalation rate forecast applicable to labour portion of the costs. We propose to align this with our proposed initial charges, which are roughly 50% labour and 50% non-labour.

Table 1–6: Proposed real labour rate escalation for FY27 to FY30 (per cent)

Labour categories	FY27	FY28	FY29	FY30
BIS Oxford	1.11%	0.90%	1.18%	1.35%
KPMG	0.85%	0.93%	0.95%	0.95%
Average	**0.98%**	**0.91%**	**1.07%**	**1.15%**
Proposed X-factors	**-0.489%**	**-0.456%**	**-0.533%**	**-0.573%**

1.5 Reasonableness of proposed hourly labour rates

Marsden Jacob developed benchmark hourly labour rates for the AER for assessing the reasonableness of the alternative control service prices relating to the recent electricity distribution determination for NSW DNSPs.[16] The AER updated these rates in its April 2024 decisions for the NSW DNSPs.

We chose to use the raw rates in the AER's decisions to benchmark the reasonableness of our proposed labour rates in Table 1–2 because the on-costs such as superannuation, workers compensation and payroll tax vary across jurisdictions and across time.

The raw labour rates from AER's decisions and our proposed hourly rates are shown in Table 1–7. Our raw labour rates are either lower or within the range of the raw labour rates updated by the AER.

Table 1–7: Hourly labour rates (including overheads) comparison

Labour category	JGN proposed business hours ($ June 2025-26, dollars)	AER April 2024 decision ($ real 2024-25, dollars)[17]			
		NSW	NT	ACT	TAS
Administration	[redacted]	$119.81	$118.80	$137.38	$109.38
Field worker (excl vehicle)		$172.56	$174.76	$178.19	$166.79
Technical specialist		$215.11	$264.51	$221.35	$208.71
Engineer	N/A	$266.25	$264.00	$274.77	$257.36
Senior engineer	N/A	$319.50	$316.80	$329.72	$308.84

(1) JGN rates are adjusted to include 36.93% in JGN overheads added. The administration rate is the average of the Zinfra back office, Startek agent, and Startek SME rates. The technical specialist rate is a weighted average of the labour rates for the commercial (4/6) and billing (2/6) teams, consistent with that proposed for our hourly rate service. The field worker rate is that for the Zinfra GST.

16 Marsden Jacobs Associates, *Review of Alternative Control Services, Advice to AER*, Table 2: Maximum hourly rates – 'raw' labour rates, inflated to $ 2018/19, p. 5.

17 AER, *Final decision – Ausgrid distribution determination 2024-29 – Attachment 9.5 – Standardised ANS model*, 30 April 2024, 'Final decision labour rates' sheet, rows 50:58.

2. Material and contractor costs

We incur a mix of material and contractor costs when providing Ancillary RS and the exact mix of costs varies by service.

2.1 Material costs

Some services require materials, such as meter wads, disconnection cards, and those needed for restorations.[18] We have estimated these costs based on historical costs.

2.2 Contractor costs

We rely on contractors to help deliver some of our Ancillary RS under service agreements.[19] These contractors help us (directly or via commercial agreement with Zinfra) deliver various field works, including disconnections and reconnections, abolishments, and special meter reads.

These agreements are tendered from time to time to ensure that we are receiving the service we need at competitive prices. The meter reading contract is currently being tendered, which is expected to be executed by the end of July 2024 and will cover special meter reads. The other contracted services are not currently subject to a tender process.

We have used our current rates for these contracts to build up our proposed Ancillary RS charges. We will update these rates in our revised proposal to reflect the new special meter reading contract rates.

[18] Restoration material costs are only incurred for abolishments not disconnections or reconnections. We undertake temporary restorations, while permanent restorations are carried out by the local councils which we pay them for (via Zinfra).

[19] We contract Zinfra for disconnections and reconnections. Zinfra then contracts Skilltech to undertake some of the relevant activities. We have included the Skilltech costs as contractor costs, while the Zinfra labour costs as labour, as noted in section 1.1.

3. Other costs

This section outlines our approach to overheads. Overheads are added to our labour and material costs described in sections 1 and 2. In this section we describe how all overheads and costs are combined to arrive at our proposed charges for each ancillary reference service.

3.1 Overheads

Overheads are costs other than direct costs[20] of providing a service. To recover the related costs, we apply the proportion of overheads to direct costs (expressed as a percentage) to the standard labour rates. The overheads applied to the raw labour rates do not include any margins.

We have two categories of overheads – network overheads and corporate overheads – which we discuss below.

Network overheads

Network overhead costs related to the provision of network control and management services that cannot be directly identified with specific network operational activity but are necessarily incurred by JGN to provide distribution services. In most cases, these costs are shared in nature, such as IT services. These costs are captured in cost centres and then allocated on a causal basis in proportion to direct costs for each service classification consistent with our current Cost Allocation Methodology (**CAM**, included as *JGN-Att 6.5- Cost Allocation Methodology*).

Network overheads include, but are not limited to:

- management (functional activities that cannot be linked directly to a specific operational activity)
- quality and standards—technical standards, manuals and network records like geographical information systems (**GIS**)
- network IT infrastructure and services
- customer management
- occupational health & safety functions and training.

Corporate overheads

Corporate overhead costs refer to the provision of corporate support and management services by the corporate office that cannot be linked directly with specific operational activity.

Corporate overhead costs typically include, but are not limited to:

- executive management including the office of the Chief Executive Officer or Managing Director
- legal and secretariat
- human resources
- finance
- insurance
- relationships with governments, federal and state regulators, rule-makers and market operators, and
- non-network IT infrastructure and services.

[20] Costs that can be directly attributable to specific projects classification—via a WBS—using our ERP system capability. Costs that are directly attributed and their basis for attribution are explained in *JGN-Att 6.5- Cost Allocation Methodology*.

Table 3–1 shows the total overhead rates we apply to derive the proposed Ancillary RS charges. The are based on the average historical overhead rates applied to our reference services.

Table 3–1: Overhead rates applied to Ancillary Reference Services

Labour category	Overhead rate
Network	10.58%
Corporate	26.34%
Total	36.93%

4. Disconnections and reconnections

This section describes how we have calculated our proposed charges for our four disconnection and reconnection services. We first describe these services, before stepping through the various cost components that feed into those charges.

4.1 Disconnection and reconnection services

Disconnection services involve disconnecting gas supply while leaving the meter is in place. Reconnection services involve reinstating gas supply to a disconnected customer. We provide four disconnection and reconnection services to our customers.

We provide four disconnection and reconnection services to our customers as shown in Table 4–1. For the 2025–30 period, as with previous periods, we propose different charges for volume and demand customers and depending on whether the service was completed or there was a wasted visit. These services and charges are also described in Table 4–1. Disconnections and reconnections for demand customers will be individually priced.

Table 4–1: Our proposed disconnection and reconnection services

Requested ancillary activity	Description	Proposed charges
Disconnection – Volume Customer Delivery Points	Disconnection of supply by wadding or locking the meter and where the meter is not to be moved or removed. A request for disconnection for a Volume Customer is also a request to remove the delivery point from our Customer List. This means that no Transportation Reference Tariffs will be charged once off the customer list until reconnected. The specific method of disconnection will be at our discretion to ensure the site is able to be left in a safe state.	• Completed service charge • Wasted visit charge
Reconnection – Volume Customer Delivery Points	The reconnection of a previously disconnected meter in accordance with National Energy Retail Law or Rules, our Reference Service Agreement, or in other circumstances where delivery station components and pipework are still installed at the delivery point and can be re-energised without alteration or replacement. Reconnection in circumstances other than those described above requires a new connection and a new Request for Service to be made.	• Completed service charge • Wasted visit charge
Disconnection & Reconnection – Demand Customer Delivery Points	Disconnection for a Demand Customer Delivery Point where the User also requests that the meter is not to be moved or removed. If requested by the User, the charge for disconnection will also include the subsequent costs of reconnection where the Delivery Station components and pipework are still installed at the Delivery Point and can be re-energised without alteration or replacement. Reconnection in circumstances other than those described above requires a new connection and a new Request for Service to be made.	• Individually priced
Expedited Reconnection	Reconnection of a volume customer delivery point in a shorter timeframe than required under Law (typically on the day of the request for reconnection or as otherwise agreed between the User	• Completed service charge • Wasted visit charge

Requested ancillary activity	Description	Proposed charges
(Volume Customer)	and JGN). The reconnection is performed between 4.00pm and 7.00pm on a Business Day. JGN's ability to perform the reconnection on the requested day will depend upon, among other factors, the extent of notice provided by the User (at a minimum, the request must be received prior to 2.00 PM).	

4.2 How we develop disconnection and reconnection charges

Our disconnection and reconnection costs comprise non-field based labour costs, field-based labour costs, material costs, contractor costs, and overheads as described below.

4.2.1 Non-field based labour costs

Once a disconnection or reconnection request is received via the business-to-business (**B2B**) process, Zinfra back office, and Startek SME and agent staff are engaged to (among other things):

- review the request
- schedule, dispatch and manage the work to field-based labour and contractors (e.g., create a job pack, scope, and plan the work)
- coordinate labour and contractor resources, and
- handle any calls and enquiries.

Zinfra and Startek labour also investigate some requests that are not completed successfully.

Table 4–2 identifies the estimated non-field based labour required for our proposed disconnection and reconnection services for volume customers. We have estimated these requirements based on the actual costs and effort incurred delivering these services in recent years. Where appropriate the 'time on task' estimates also factor in the frequency of tasks +rather than being a pure estimate of the time taken to complete the task.

Table 4–2: Estimated non-field based labour requirements (FTEs and time)

Requested ancillary activity	Zinfra back office labour	Startek SME	Startek agent
Disconnection – Volume Customer Delivery Points	*FTEs:* 1 *Time on task:* 1 minute	*FTEs:* 1 *Time on task:* 1.5 minutes if completed, or 3 minutes if wasted	*FTEs:* 1 *Time on task:* 2 minutes if completed, or 0.4 minutes if wasted
Reconnection – Volume Customer Delivery Points	*FTEs:* 1 *Time on task:* 1 minute	*FTEs:* 2 *Time on task:* 5.26 minutes if completed, or 4.13 minutes if wasted	*FTEs:* 1 *Time on task:* 8 minutes
Expedited Reconnection	*FTEs:* 1 *Time on task:* 1 minute	*FTEs:* 2 *Time on task:* 5.26 minute	*FTEs:* 1 *Time on task:* 8 minutes

4.2.2 Field based labour costs

Zinfra GSTs lead the field-based activities to help deliver disconnection and reconnection services.

Table 4–3 identifies the estimated field-based labour required for disconnection and reconnection services for volume customers based on the actual costs and effort incurred in delivering these services these services. We rely on a mix of field-based labour and contractor (i.e., Skilltech) time, which varies across service request. This means that the 'time on task' estimates also factor in the probability that field-based labour will be used based on our historical experience rather than being a pure estimate of the time taken to complete the task.

Table 4–3: Estimated field-based labour requirements (FTEs and time)

Requested ancillary activity	Completed service	Uncompleted service
Disconnection – Volume Customer Delivery Points	*FTEs:* 1 *Time on task:* 7.7 minutes	*FTEs:* 1 *Time on task:* 8.1 minutes
Reconnection – Volume Customer Delivery Points	*FTEs:* 1 *Time on task:* 14.8 minutes	*FTEs:* 1 *Time on task:* 22.9 minutes
Expedited Reconnection	*FTEs:* 1 *Time on task:* 57 minutes The same price is charged for expedited reconnections whether completed or not	

4.2.3 Material costs

Successfully completed disconnections and reconnections involve some materials costs. For disconnections, this includes around [redacted] cents worth of materials which includes the meter wad and disconnection cards and for reconnections, this includes around [redacted] cents for reconnection cards.[21]

4.2.4 Contractor costs

We also engage (via Zinfra) Skilltech to help us deliver disconnection and reconnection services (except for expedited reconnections). These services cover activities that support the field-based labour provided by Zinfra.

The contractor costs for these services are:

- [redacted] ($2024) and [redacted] ($2024) for successful disconnection and reconnection services respectively
- [redacted] ($2024) and [redacted] ($2024) for unsuccessful disconnection and reconnection services, respectively.

These costs are sourced directly from the commercial agreement between Zinfra and Skilltech and include an uplift for Zinfra overheads.

4.2.5 Overheads

We have applied the overheads shown in section 3.1 to all the direct costs of Ancillary RS in accordance with our CAM.

[21] Cards are left for the customer letting them know what activities have been undertaken when we disconnect and reconnect.

5. Abolishments

This section describes how we have calculated our proposed charges for abolishment services. We first describe the service, before stepping through the various cost components that feed into those charges.

5.1 Abolishment services

We provide abolishment services to our customers which involves permanently decommissioning the customer's delivery point, including the removal of the meter if successful.

A request for abolishment is a request to remove the delivery point from the customer list and the Meter Installation Registration Number (**MIRN**) from the market, means that no reference tariffs will be charged after the permanent decommissioning. The specific method of abolishment will be at JGN's discretion to ensure the site is left in a safe state. Subsequent reconnection of the delivery point requires a new connection and a new request for service to be made.

For the 2025–30 period, consistent with the 2020 AA, we propose different charges depending on the capacity of the connection:

- a fixed charge for completed abolishments of connections with a capacity at or under 25m^3/hr
- completed abolishments for connections with a capacity greater than 25m^3/hr will be individually priced.

5.2 How we estimate abolishment charges

Our abolishment costs comprise non-field based labour costs, material costs, contractor costs and overheads as described below.

5.2.1 Non-field based labour costs

Once an abolishment request is received via the B2B process, Zinfra back office staff are engaged to (among other items):

- review the request
- schedule, dispatch and manage the work to contractors (e.g., create a job pack, scope, and plan the work)
- coordinate contractor resources
- manage exceptions, and
- handle any calls and enquiries.

We estimate that the average abolishment request will involve four FTEs for 7.25 minutes each. We based these estimates on the actual costs and effort incurred delivering these services in recent years.

5.2.2 Material costs

All abolishments require the site to be restored to a useable state once the gas service and meter are decommissioned. We, via commercial agreement with Zinfra, incur the costs associated with restorations either directly or are charged these by the local council (e.g., for permanent hard surface restorations).

We have estimated these costs based on the average material cost for restorations incurred in recent years, which was [redacted] ($2024) per abolishment, including Zinfra overheads.

5.2.3 Contractor costs

All field work in relation to abolishments is undertaken by Zinfra or contractors on behalf of Zinfra. The costs incurred vary depending on the complexity of the works required to abolish the connection.

We have estimated these costs based on the average contractor cost incurred in recent years, which was [redacted] ($2024) per abolishment (including Zinfra overheads). We have classified these costs as contractor costs rather than field-based labour because the works are typically charged to us as a bundle across jobs, rather than on an hourly basis.

5.2.4 Overheads

We have applied the overheads shown in section 3.1 to all the direct costs of Ancillary RS in accordance with our Cost Allocation Method (CAM).

5.3 Total cost of abolishment

Combining the costs described in section 5.2 gives the total cost of providing abolishment services. As with our current Access Arrangement, we propose charging customers this full cost, rather than socialising some of it across other customers.

We are aware that the AER decided to share some abolishment costs in its recent decisions for the Victorian gas networks across the customer base due public safety concerns if the full cost were passed through. We discuss our position further in section 5.5.2 of *JGN-Att 10.1-Pricing*.

6. Special meter reads

This section describes how we have calculated our proposed charges for special meter read services. We start by describing the services, before stepping through the various cost components that feed into those charges.

6.1 Special meter read services

We provide special meter read services when requested. This covers meter reading that is in addition to the scheduled ordinary meter reading (for instance, when the meter reader makes a special visit to read a particular meter out of the usual meter reading route or schedule). This service must be undertaken in accordance with the NSW Retail Market Procedures.

We also propose a wasted visit charge in the event the meter read could not occur.

6.2 How we develop special meter read charges

Our proposed completed and wasted special meter charges combine contractor and overhead costs is described below.

6.2.1 Contractor costs

Once a request for a special meter read is made, our meter reading contractor, currently Skilltech, is engaged to visit the customer's premises and visually read the meter. We incur the cost of this activity even if they are unable to read the meter (e.g., due to obstruction or access otherwise not being provided by the customer), which is why the cost of a wasted visit is the same as a completed visit.

6.2.2 Overheads

We have applied the overheads shown in section 3.1 to all the direct costs of Ancillary RS in accordance with our CAM.

7. Non-standard requests and queries

This section describes how we have calculated our proposed charges for non-standard retailer-initiated requests and queries. We first describe the service and then the various cost components that feed into the charges for this service.

7.1 Non-standard requests and queries

We provide a service that responds to non-standard retailer-initiated requests and queries. This involves us first assessing the requests, then collating relevant information and providing a response to the request or query. Examples include, but are not limited to:

- customer connection or upgrade inquiries that, due to the nature of the request, require additional investigation, and
- requests for measurement data additional to data provided in standard reports.

This charge is not applicable to the processing of connections and alterations under Part 12A of the National Gas Rules.

For the 2025–30 period, we propose charging for this service using a fixed hourly charge.

7.2 How we develop the hourly charge for non-standard requests and queries

Our proposed hourly charge combines non-field based labour and overhead costs as described below.

7.2.1 Non-field based labour costs

Our commercial and billing teams respond to non-standard retailer requests and queries. Historically, the time split across those two teams has been about two-thirds, one-third. Given this, we have estimated the hourly non-field labour costs as 40 minutes of the commercial team labour rate and 20 minutes of the billing team labour rate. Using the rates identified in section 1.3, this gives a direct labour cost (excluding overheads) of $150.40 / hour.

7.2.2 Overheads

We have applied the overheads shown in section 3.1 to all the direct costs of Ancillary RS in accordance with our CAM.

Appendix A Schedule of prices

A1. Schedule of prices for ancillary reference services for the 2025–30 period

Table A1–1: Proposed indicative charges for Ancillary RS FY26 ($ June 2026, dollars)

Proposed fee-based services	Business Hours	Wasted site attendance
Hourly charge – non-standard retailer initiated requests and queries	$206.00	n/a
Disconnection (volume customers)	$84.00	$46.00
Reconnection (volume customers)	$118.00	$118.00
Disconnection & reconnection (demand customers)	Individually priced	
Expedited reconnection	$196.00	$196.00
Abolishment (Up to 25m3/hr)	$1,472.00	n/a
Special meter read	$17.00	$17.00

Source: *JGN-Att 7.2M Ancillary services model*; values are rounded to the nearest dollar.