



# Jemena Gas Networks (NSW) Ltd

## 2025-30 Access Arrangement Proposal

Attachment 9.1

Explanation of proposed revisions to the 2020-25 AA



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## Abbreviations

2020-25 AA	JGN's current Access Arrangement for the 2020-25 regulatory period
2025-30 AA	JGN's proposed Access Arrangement for the 2025-30 regulatory period
AA	Access Arrangement
AER	Australian Energy Regulator
CESS	Capital Expenditure Sharing Scheme
CPI	Consumer Price Index
JGN	Jemena Gas Networks (NSW) Ltd
NGL	National Gas Law
NGR	National Gas Rules
RSA	Reference Service Agreement
RSP	JGN's Reference Service Proposal for the 2025-30 regulatory period approved by the AER
UAG	Unaccounted for Gas
WACC	Weighted Average Cost of Capital

## 1. Introduction

JGN has proposed a number of changes to the 2020-25 AA as part of its proposed 2025-2030 AA. Those changes are consistent with those proposed in the RSA and broadly fall into the following categories:

- changes which reflect the new or changed approach as outlined in the RSP, including the separation of the reference services;
- changes to more closely align with the NGL and the NGR, particularly where the NGL or the NGR has been amended since the commencement of the 2020-25 AA;
- changes to better align JGN's 2025-30 AA with the AER's regulatory approaches with other network businesses' approved AAs;
- consolidating provisions across the 2025-30 AA and the RSA, including relocating or deleting provisions and definitions to improve ease of reference or where they are redundant or duplicates of other provisions, thereby simplifying the documents; and
- minor drafting clarifications.

The key changes are outlined in the table in section 2. This table does not include changes for consistency, mechanical drafting or formatting changes (e.g. paragraph renumbering, new or amended subheadings) that are reflected in the mark-up AA provided in Attachment 9.3.

## 2. Proposed revisions explanation table

**Table 2–1: Explanation of proposed revisions to the 2020-25 AA**

<b>General</b>			
Amendments have been made throughout the 2025-30 AA to reflect the split of the reference service into two new reference services, “Transportation Reference Service” and “Ancillary Reference Services”, as set out in the RSP.			
<b>Clause</b>	<b>2020 AA reference</b>	<b>2025 AA reference</b>	<b>Summary of proposed change</b>
<b>Introduction</b>			
The Network	Clause 1.2	Clause 1.2	Update to length of network and connection numbers.
Type of Gas	N/A	Clause 1.3	New clause inserted to comply with new NGR obligation to set out types of Gas as anticipated by section 4.1 of the RSP. This clause also provides information which retailers indicated they would like to be available, as discussed in Table 3-1 of the RSP.
Other	Clauses 1.3-1.4	Clause 1.4-1.5	Updates to the Review Submission Date and Review Commencement Date.
<b>Services policy</b>			
Services	Clauses 2.1-2.4, 2.6	Clause 2.1-2.4, 2.6	<p>Changes to clauses 2.1-2.4 and 2.6 include:</p> <ul style="list-style-type: none"> <li>amendments to reflect the two proposed reference services, “Transportation Reference Service” and “Ancillary Reference Services”;</li> <li>the definition of Transportation Reference Service is substantially the same as set out in the RSP, and includes: <ul style="list-style-type: none"> <li>expanding the Transportation Reference Service to include the word “delivery”, to ensure that delivery for purposes such as blending gas are covered; and</li> <li>clarifications to the description of meter related services as requested by a retailer, as discussed in Table 3-1 of the RSP;</li> </ul> </li> <li>setting out the Ancillary Reference Services for ease of reference (the descriptions of which are substantially similar to those set out in the RSP, see Figure 4-2 and Appendix A of the RSP);</li> <li>consistent with section 4.1 of the RSP, revising the definition of an eligible Delivery Point to allow the user or prospective user and JGN to agree to the connection of a new delivery point where the maximum allowable operating pressure of the network is greater</li> </ul>

Clause	2020 AA reference	2025 AA reference	Summary of proposed change
			<p>than that indicated for the size of the customers connection specifications. This change provides greater flexibility; and</p> <ul style="list-style-type: none"> <li>minor amendments for drafting clarity.</li> </ul>
Interconnection Service	Clause 2.5	Clause 2.5	<p>As set out in section 4.2 of the RSP, we have made minor changes to the Interconnection Service to ensure consistency with the new interconnection changes in the NGR, including to refer to the Interconnection Policy (introduced after the effective date of the 2020-25 AA by Rule 39 of the NGR). Clause 2.5(b) proposed in the RSP has not been included, as these definitions have been included in Schedule 1.</p>
<b>Initial Reference Tariffs and Variation Mechanism</b>			
Cost pass through Events	3.4(a) and definitions	3.5 and definitions	<p>Changes to the Cost Pass Through Events include:</p> <ul style="list-style-type: none"> <li>the proposed introduction of “Tax Change Event” and amendments to the “Insurance Cap Event” definition to align (to the extent relevant) with the corresponding events approved in the AER’s recent determinations for other network businesses and for JGN’s related body corporate Jemena Electricity Networks (Vic) Ltd; and</li> <li>amendment to the definition of “Service Standard Event” to ensure that all methods for changes in law to be effected are covered.</li> </ul> <p>Further detail on the proposed Cost Pass Through Events is provided in Attachment 4.2.</p>
<b>Tariff Classes for Transportation Reference Service</b>			
Tariff Class Assignment	4.2(a)	4.2(a)	<p>Clause 4.2(a) has been amended to:</p> <ul style="list-style-type: none"> <li>replace the reference to “Tariff Assignment Criteria” with “Tariff Assignment Policy”; and</li> <li>add references to “reassignment”.</li> </ul> <p>It is proposed that the Tariff Assignment Criteria are relocated from the AA and set out in the Tariff Assignment Policy (to be published on JGN’s website once the AER publishes the Final Decision for the 2025-30 AA).</p>
	4.2(c) and (d)	N/A	<p>The provisions relating to:</p> <ul style="list-style-type: none"> <li>nomination by a User of a Tariff Class where a Delivery Point is eligible for more than one Tariff Class under the Tariff Assignment Criteria; and</li> <li>provision of information by a User to enable JGN to apply the Tariff Assignment Criteria,</li> </ul> <p>are proposed to be deleted from the AA, on the basis that these will be dealt with in the Tariff Assignment Policy.</p>

Clause	2020 AA reference	2025 AA reference	Summary of proposed change
Tariff Class Re-assignment	4.3	N/A	The provisions relating to Tariff Class re-assignment are proposed to be deleted from the AA, on the basis that Tariff Class re-assignment will be dealt with in the Tariff Assignment Policy.
<b>Return on debt</b>			
Return on debt formula	5.1(a) to (e)	N/A	Clauses 5.1(a) to (e) are proposed to be deleted on the basis that they are covered by the AER's Rate of Return Instrument.
<b>Queuing Policy</b>			
Queuing policy	Section 7	Section 7	This section has been amended to refer to the updated Rule of the NGR, which has been amended since the effective date of the 2020-25 AA.  If, during the 2025-30 Period, the AER has cause to require JGN to include queuing requirements, JGN will respond accordingly.
<b>Consolidated Access Arrangement</b>			
Consolidated Access Arrangement	Section 11	Section 11	The references to "Covered" have been deleted to reflect the updated wording of Rule 53 of the NGR. This change is reflected throughout the proposed 2025-30 AA.
<b>Operating expenditure efficiency carryover mechanism</b>			
Incentive mechanism	12.1	12.1	Clause 12.1 is proposed to be amended: <ul style="list-style-type: none"> <li>• with general updates to the relevant Financial Years and forecast opex amounts;</li> <li>• to clarify that: <ul style="list-style-type: none"> <li>– the reference to "licence fee costs" includes "government and jurisdictional charges";</li> <li>– Ancillary Reference Services opex is excluded from the mechanism; and</li> <li>– movements in provisions related to opex are excluded from the mechanism; and</li> </ul> </li> <li>• to delete the rows of the table setting out the components of the forecast operating expenditure for the mechanism for simplification.</li> </ul>
<b>Capital expenditure incentive mechanism</b>			
CESS mechanism	Section 13	Section 13	Section 13 amendments consist of: <ul style="list-style-type: none"> <li>• general updates to the relevant Financial Years and forecast capex amounts in the capital expenditure incentive mechanism (<b>CESS</b>); and</li> <li>• an amendment is proposed which would have the effect that, that similar to customer connection capex, renewable gas supply connection capex, determined conforming</li> </ul>

Clause	2020 AA reference	2025 AA reference	Summary of proposed change
			capex, would be excluded from the CESS calculation.
Curtailment Methodology	N/A	Section 14	Section 14 has been inserted in compliance with Rule 48(1)(g1) of the NGR, which requires an access arrangement to set out the supplier curtailment methodology.
<b>Definitions and interpretation</b>			
Definitions	Sch 1, part 1	Sch 1, part 1	<p>In addition to other definition changes explained elsewhere in this document or in the case of cost pass through events, Attachment 10.2, Schedule 1 has been updated:</p> <ul style="list-style-type: none"> <li>• to insert definitions which relate to existing concepts in the AA for ease of reference, including “Country Distance” which is referred to in Schedule 2; “Country Network Section” which is referred to in Schedules 3 and 8 and “Demand Capacity Rate” which is referred to in Schedules 2 and 3;</li> <li>• to amend existing definitions and to insert new definitions required in relation to amendments proposed in the 2025-30 AA due to changes in the NGR since the commencement of the 2020-25 AA, , including “Gas” and “Primary Gas”. Changes to these definitions were anticipated by sections 4.1 and 4.3 of the RSP, but the definitions proposed in the AA reflect the actual definitions included in the NGR changes.</li> <li>• to amend existing definitions and to insert new definitions in response to rother changes in the NGR since the commencement of the 2020-25 AA, including “Covered Pipeline”, “Curtailment Methodology”, and “Interconnection Policy”;</li> <li>• to insert a definition for “Distribution Tariff” as the Retail Market Procedures (NSW AND ACT) published by AEMO refers to that term as defined in the relevant Access arrangement;</li> <li>• to remove duplicative or unused definitions such as “Tariff Assignment Criteria” which are now incorporated in the new “Tariff Assignment Policy” and “Initial Tariff Class”, which is unnecessary due to the definition “Tariff Class” and the proposed introduction of the new Schedule 2,</li> <li>• to insert new definitions required due to the proposed change to two references services and the development of the Tariff Assignment Policy, including “Ancillary Reference Service”, “Ancillary Reference Tariff”, “Transportation Reference Service” and Transportation Reference Tariff”;</li> <li>• to insert definitions moved from the RSA, including “Primary Measurement”, “Secondary Measurement”, “Replacement Gas”, “LG Period”, “LG Quantity” and “Load Shedding”;</li> <li>• to consolidate the definitions of terms which were previously also defined in the RSA, such as “Network”;</li> </ul>



Clause	2020 AA reference	2025 AA reference	Summary of proposed change
			<ul style="list-style-type: none"> <li>to clarify that a Carbon Scheme includes the Safeguard Mechanism and to insert a definition for “Safeguard Mechanism”; and</li> <li>with minor clarification amendments, including to amend “Request” to reflect that a service may be requested via the form in Schedule 6 or another method set out in that schedule, such as JGN’s portal.</li> </ul>
Interpretation	Sch 1, part 2	Sch 1, part 2	Additional provisions intended to aid interpretation of the AA have been inserted.
<b>Reference Services Schedule</b>			
	Schedule 2	Schedules 2 and 3	<p>Schedule 2 of the 2020-25 AA was the Initial Reference Tariff Schedule. Different components of this schedule have been separated into different documents in the proposed 2025-30AA:</p> <ul style="list-style-type: none"> <li>Schedule 2 now contains the Transportation Reference Tariff Classes, the description of the Ancillary Reference Services and the initial chargeable demand provisions; and</li> <li>Schedule 3 contains the Reference Tariff Schedule (which will be replaced each year as approved by the AER).</li> </ul> <p>The Tariff Assignment Criteria was set out in part 2 of the Reference Tariff Schedule, but for ease of reference is now contained in JGN’s Tariff Assignment Policy, which will be published on JGN’s website once the AER publishes the Final Decision for the 2025-30 AA.</p>
Introduction	Sch 2, part 1	Sch 2, part 1	<p>Key changes to this part include:</p> <ul style="list-style-type: none"> <li>deletion of part 1(d) and a drafting update to reflect the relocation of the tariff assignment criteria to the new proposed Tariff Assignment Policy;</li> <li>relocation of schedule 2 part 3(a) to (c) of the 2020-25 AA to this part; and</li> <li>relocation of parts 1(b), (c) and (e), 4 and 5 of the 2020-25 AA to Schedule 3, to separate the tariffs into a schedule which will be replaced annually, from the tariff classes, description of ancillary services and initial chargeable demand, which will not.</li> </ul>
Tariff Assignment Criteria	Sch 2, part 2	N/A	This part has been deleted, consistent with the relocation of the tariff assignment criteria to the new proposed Tariff Assignment Policy.
Tariff Classes and Tariff charge components	Sch 2, part 3	Sch 2, part 2	<p>Amendments to this part update the tariff classes to reflect the proposed change in volume tariff classes, by deleting the VI-Coastal and Country classes and inserting the new VI-small and VI-large tariff classes.</p> <p>Further detail on the proposed changes to tariff classes is provided in Attachment 10.1.</p>

Clause	2020 AA reference	2025 AA reference	Summary of proposed change
Tariffs	Sch 2, part 4	Sch 3, part 2	The transportation tariffs have been moved to a different schedule (Schedule 3, part 2), so that this schedule can be replaced annually as the AER approves new tariffs. The description of the ancillary reference services is contained in Schedule 2, part 4.
	Sch 2, part 4	Sch 2, part 4,	The description of the ancillary reference services is separated from the tariffs and is retained in Schedule 2, part 4.
	Sch 2, part 4	Sch 3, part 3	The ancillary tariffs have been moved to a different schedule (Schedule 3, part 3), so that this schedule can be replaced annually as the AER approves new tariffs.
Initial chargeable demand	Sch 2, part 5	Sch 2, part 3	Updates to dates.
<b>Initial Reference Tariff Schedule</b>			
	Sch 2, parts 1(b), (c) and (e), 4 and 5	Sch 3	This schedule: <ul style="list-style-type: none"> <li>contains parts relocated from Schedule 2 of the 2020-25 AA, as described above;</li> <li>updates the Tariff Classes to reflect the proposed new VI- small and VI-large Tariff Classes and to delete the VB-Coastal Tariff Class;</li> <li>has Rates for each Tariff Class updated in real 2025-26 dollars for the period ending on 30 June 2026;</li> <li>has an amended definition of Country Distance in 2(b), to reflect the potential connection of new Receipt Points and to allow for the User to nominate the Receipt Point which will apply to a Delivery Point for this Rate; and</li> <li>inserts a note that Disconnection for Demand Customer Delivery Points will be individually priced.</li> </ul>
<b>Transportation Reference Tariff adjustment factors</b>			
Automatic adjustment factor	Sch 3	Sch 4	Changes to the adjustment factors to: <ul style="list-style-type: none"> <li>update relevant Financial Years generally;</li> <li>insert a revenue true up factor amount and amend the automatic adjustment factor to include this amount;</li> <li>update the target rates for the UAG component;</li> </ul> Further detail is provided in Attachments 6.7 and 101.

Clause	2020 AA reference	2025 AA reference	Summary of proposed change
<b>Other Schedules</b>			
Interconnection Service	Sch 5	N/A	The Interconnection Schedule has been deleted as it is now contained in the Interconnection Policy published on JGN's website pursuant to Rule 39 of the NGR, which was amended after the commencement of the 2020-25 AA.
Request for service	Sch 6	Sch 6	<ul style="list-style-type: none"> <li>Amendments in parts 1 and 2 to reflect that a Request may also be lodged via JGN's B2B platform;</li> <li>an amendment in part 1 to update the Rules' references to reflect changes in the NGR since the commencement of the 2020-25 AA; and</li> <li>minor updates to the information fields required to be completed in a request for service, often to clarify when fields are not required to be completed.</li> </ul>
Replacement Gas	N/A	Sch 7, Part 5	Part 3 relating to Replacement Gas has been moved from the RSA to this part as these provisions were considered to more relevant to the AA and that this change would simplify the documents and enhance comprehension. They are substantially similar to the RSA drafting.
Curtailment Methodology	N/A	Sch 7, Part 6	Part 4 has been inserted pursuant to Rule 48(1)(g1) of the NGR, which requires an access arrangement to set out the supplier curtailment methodology.
Receipt Point Pressures	Sch 8	Sch 8	<ul style="list-style-type: none"> <li>Updates to maximum and minimum receipt pressures and receipt points amended to reflect current receipt points as at the date of submission of the initial proposal for the 2025-30 AA.</li> <li>Clarification that JGN may amend the Receipt Point pressures from time to time added. Due to historical reasons relating to subsidence, the pipeline has run at a lower pressure for a number of years. The subsidence issues is now resolved and in addition to the construction of Kurri Kurri and other operational changes, JGN intends to increase the pressure for operational reasons in accordance with the process required by the Department of Climate Change, Energy, the Environment and Water.</li> </ul>
CESS Contingent Payment Index	Sch 9	Sch 9	<p>General updates to the relevant Financial Years.</p> <p>Updated weighting for index scores</p> <p>Refer to Attachment 7.11 which provides a description of changes to the incentive scheme applying to capital expenditure.</p>
Maps	Sch 10	Sch 10	Maps have been updated.