

8 April 2019

Ms Ana Dijanosic
Regulatory Manager, Gas Markets
Jemena Gas Networks
99 Walker Street, North Sydney
NSW 2060

Dear Ms Dijanosic

Re: Application to revise Jemena Gas Networks' (JGN's) 2015-20 Access Arrangement

I refer to your application dated 12 March 2019 to vary the terms of JGN's 2015-20 Access Arrangement (AA) under clause 66(2) of the National Gas Rules (NGR). Specifically, JGN requested that the EBSS applied to its 2015-20 AA be updated to reflect the terms of more recent EBSS scheme relating to the treatment of the non-recurrent efficiency gains, and that the definition of the gas day start time in the corresponding Reference Service Agreement (RSA) be updated to harmonise with the new gas day definition in the NGR, effective 1 October 2019.

The AER has assessed your application and the supporting information you provided. We believe the proposed variations to be non-material and as such, consultation is not required. I am pleased to advise that on 5 April 2019 the AER Board approved the proposed variation of JGN's 2015-20 AA in line with the application, effective from 8 April 2019.

The AER has approved JGN's application on the basis that the proposed changes are non-material, and that non-materiality and the decision to approve the variations have been supported by the following justifications:

- With respect to the EBSS, the proposed variation:
 - provides JGN with the opportunity to include non-recurrent efficiency gains (or losses) in its EBSS revenue allowance, rather than its opex allowance, facilitating opex and efficiency comparisons, both over time for JGN and between gas distribution businesses
 - will have no material impact on the reference tariff in the 2015-20 AA period; and will produce a similar revenue outcome in 2020-25 as would otherwise have been the case;
 - aligns JGN's EBSS with those currently in place for other gas and electricity distribution businesses
 - is well-understood by stakeholders and has already been the subject of previous consultation
 - will have no operational impact in terms of ease of access for pipeline users.

- With respect to the RSA, the proposed variation:
 - will have no impact on the reference tariff; and
 - seeks to align the terms of the RSA with the operation of the market.

Please do not hesitate to contact Claire Preston if we can be of further assistance (03 9290 1995).

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Roberts', with a horizontal line extending to the right.

Sebastian Roberts
General Manager
Gas and Transmission

Sent by email on: [Click here to enter a date.](#)