

Revised Final Plan Attachment 6.1

Response to Draft Decision: Pipeline Services

August 2017

Page intentionally left blank

1. Response to Draft Decision on Pipeline Services

1.1 Introduction

This attachment sets out Australian Gas Networks Limited's (AGN's) response to the Australian Energy Regulator's (AER's) Draft Decision on the pipeline services to apply over the next (2018 to 2022) Access Arrangement (AA) period. We are required to define the type and nature of pipeline services that we intend to provide to our customers over the next AA period. Pipeline services include:

- *Reference Services* – which are those services that are likely to be sought by a significant part of the market; and
- *Non-Reference Services* – which are those services specifically requested by customers (and are also referred to as negotiated services).

The AER approved our proposed Haulage Reference Services and Ancillary Reference Services proposed for our Victoria and Albury networks over the next AA period.¹

1.2 Stakeholder Engagement

In preparing this Revised Final Plan we have continued to engage with stakeholders, including our Reference Groups and through the submissions to the AER on our Final Plan.

There were two stakeholder submissions which referred to the services proposed in our Final Plan (see Table 1.1). This relatively low number is not surprising given we proposed no changes to the services to be provided over the next AA period from that currently applying in Victoria and Albury.

¹ AER, *Attachment 1 – Services covered by the access arrangement / Draft decision - AGN Victoria and Albury gas access arrangement 2018–22*, July 2017, page-5.

Table 1.1: Consideration of Stakeholder Feedback on our Pipeline Services

Stakeholder Feedback on the Final Plan	Our Response to Feedback on the Final Plan
<p>Origin Energy (Origin) in their submission to the AER supported the existing services: <i>"Origin supports the maintenance of the current reference services and ancillary services from the current to the 2018-22 access arrangement period."</i>²</p>	<p>Our pipeline services are consistent with those outlined in the Final Plan, Draft Plan and with that currently applying across our other networks, including in Victoria and Albury.</p>
<p>Origin in their submission suggested AGN consider the new Ancillary Reference Service proposed by Multinet Gas: <i>"..an alternative to street disconnection similar to that proposed by Multinet would be welcome for sites with limited or no access to effect disconnection of supply."</i>³</p> <p>AGL Energy Limited in their submission requested AGN consider the inclusion of the 'Installation of a second service valve in a pit and disconnect gas supply' proposed by Multinet Gas: <i>"...AGL would request that AGN and Ausnet Services consider inclusion of a similar service..."</i>⁴</p>	<p>We are happy to offer the service as a non-reference service as opposed to an ancillary reference service. We are aware that the cost to provide this service will vary on a case by case basis due to variable site conditions and we also have no evidence before us to suggest the service will be <i>"sought by a significant part of the market"</i>. Therefore, we consider the service being requested is better classified as a non-reference service.</p> <p>We will however reconsider the classification of the service at the next AA review if demand for the service warrants reclassification.</p>

Note: In this 'traffic light' table, green shading represents no change from the Final Plan, orange represents a modification of the position outlined in the Final Plan and red shading represents a change from the Final Plan.

1.3 AER Draft Decision

The AER found our proposed pipeline services to comply with the National Gas Rules (NGR), noting that the proposed services for the next AA period *"are the same as those in the current access arrangement period"*.⁵

The AER approved our proposed Haulage and Ancillary Reference Services.⁶ (see Table 1.2).

² Origin Energy, *Victorian Gas Access Arrangement Review 2018-22 Response to Gas Distribution Business' Proposal*, 17 February 2017, page 3.

³ *Ibid*, page 3.

⁴ AGL Energy Limited, *Victorian GAAR Proposals*, Page 2-3, 21 March 2017.

⁵ AER, *Attachment 1 – Services covered by the access arrangement / Draft decision - AGN Victoria and Albury gas access arrangement 2018–22*, July 2017, page 1-8.

⁶ *Ibid*, page 1-5.

Table 1.2: Summary of AER's Draft Decision on Pipeline Services

	AER Draft Decision	AER Comment
Haulage Reference Services	Accept	Compliant with the NGR. ⁷ Approved, same as those in the current AA period. ⁸
Ancillary Reference Services	Accept	Compliant with the NGR. ⁹ Approved, should remain the same as those applying in the current AA period. ¹⁰ The AER did not require AGN to provide the service of 'installation of second service valve in a pit and disconnect gas supply' as an Ancillary Reference Service on the basis that it was not clear that this new service would be sought by a significant part of the market. Furthermore, retailers can access a similar service on behalf of their customers, as a Non-Reference Service. ¹¹
Non-Reference Services	Accept	AGN will agree the price of non-reference services with requesting customers. ¹²

Note: In this 'traffic light' table, green shading represents the AER's acceptance of AGN's Final Plan, orange represents the AER's modification of AGN's Final Plan and red shading represents the AER's rejection of AGN's Final Plan.

1.4 AGN Response to the Draft Decision

We have accepted the AER's Draft Decision (see Table 1.3).

Table 1.3: Summary of AGN's Response to the AER's Draft Decision on Pipeline Services

	AER Draft Decision	AGN Response	AGN Comment
Haulage Reference Services	Accept	Accept	We have accepted the AER's Draft Decision.
Ancillary Reference Services	Accept	Accept	We have accepted the AER's Draft Decision. We support the AER's decision not to require AGN to provide the service of 'installation of second service valve in a pit and disconnect gas supply' as an Ancillary Reference Service.
Non-Reference Services	Accept	Accept	We have accepted the AER's Draft Decision. We will agree a price for the 'installation of second service valve in a pit and disconnect gas supply' on a case-by-case basis with retailers.

Note: In this 'traffic light' table, green shading represents the acceptance, orange represents a modification and red shading represents a rejection.

⁷ AER, *Attachment 1 – Services covered by the access arrangement / Draft decision - AGN Victoria and Albury gas access arrangement 2018–22*, July 2017, page 1-8.

⁸ *Ibid*, page 1-5.

⁹ *Ibid*, page 1-8.

¹⁰ *Ibid*, page 1-5.

¹¹ *Ibid*, page 1-10.

¹² *Ibid*, page 1-7.

1.5 Summary

Over the next AA period we will offer the following pipeline services in Victoria and Albury (see Table 1.4).

Table 1.4: Victorian and Albury Pipeline Services

Service	Description
Haulage Reference Services	
Volume Haulage Service	The delivery of gas to those customers using less than 10 terajoules (TJ) per annum. The Volume Haulage Service has two associated prices – one for residential customers and one for commercial customers. We will read the meters every two months.
Demand Haulage Service	The delivery of gas to those customers using more than 10TJ per annum. There is only one price available for Demand Haulage Services and it is a capacity charge that is based on Maximum Hourly Quantity. We will read the meters on a monthly basis.
Ancillary Reference Services	
Meter and Gas Installation Test	On site testing to check the measurement accuracy of a meter.
Disconnection	Disconnection by installation of locks or plugs on a meter.
Reconnection	Reconnection by removal of locks or plugs on a meter.
Meter Removal	Removal of a meter at a premises.
Meter Reinstallation	Reinstallation of a meter at a premises.
Special Meter Read	Reading of a meter in addition to the scheduled meter reading.
Non-Reference Services	
Non-Reference Service	These relate to services that are not required by the majority of the market and that AGN agrees a price for on a case-by-case basis.