

2017 Gas Distribution Annual Tariff Submission

1 January 2017

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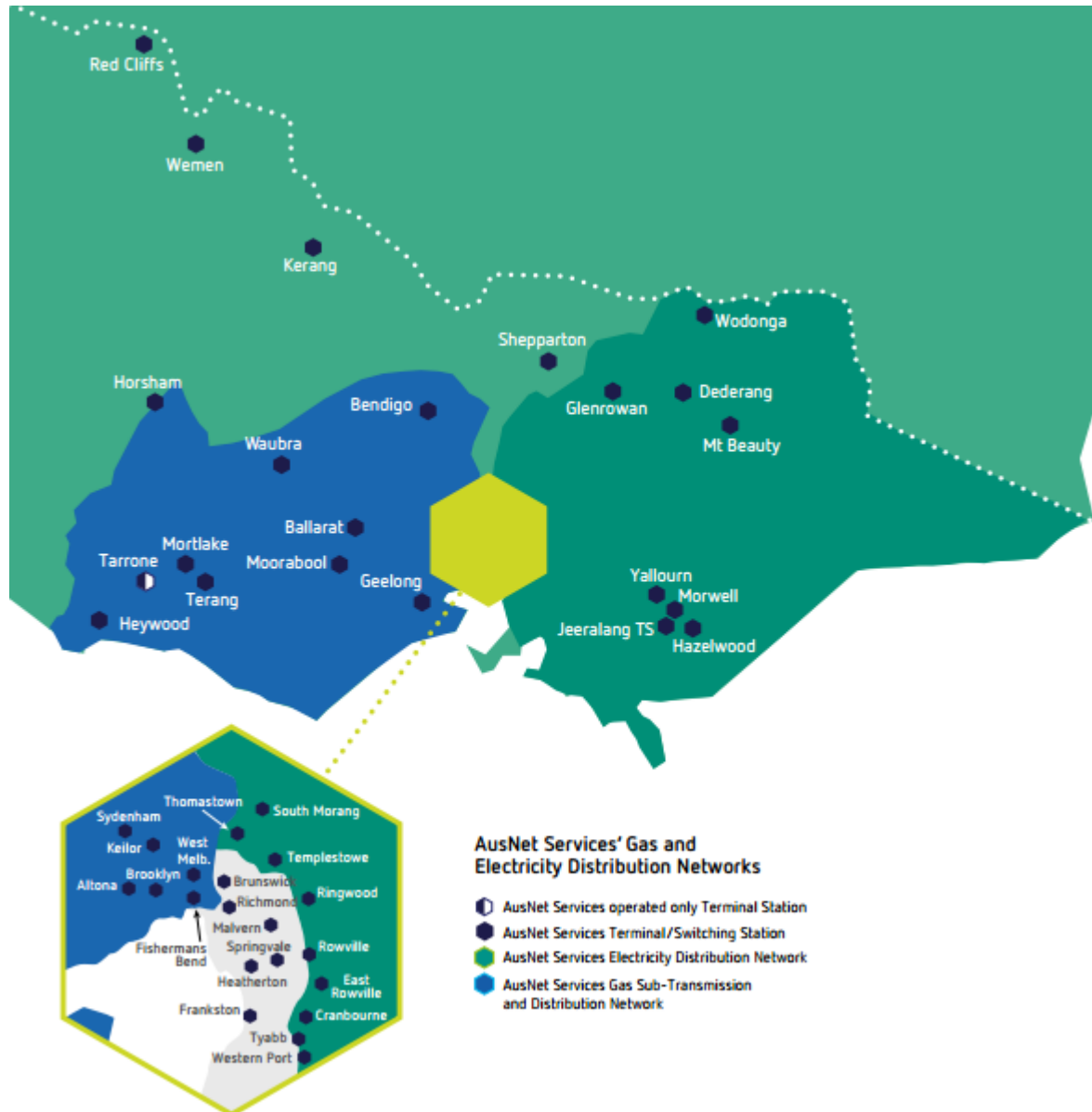
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1 About AusNet Services

AusNet Services manages a Victorian gas distribution network, transporting gas to approximately 630,000 households and 17,000 businesses across central and western Victoria. This network spans 9,400 kilometres across an area of 60,000 square kilometres. AusNet Services' gas distribution area is shown in Figure 1 below.

Figure 1: AusNet Services' Gas and Electricity regions



2 Summary

2.1 Regulatory Arrangements

AusNet Services' regulated revenues are regulated under the National Gas Rules. The economic regulation of gas distribution networks under these Rules is administered by the Australian Energy Regulator (AER) www.aer.gov.au.

AusNet Services' current Access Arrangement covers the period 1 January 2013 to 31 December 2017. AusNet Services' prices for 2017 have been submitted to and approved by the AER.

2.2 AusNet Services' Tariff Proposal

Under Part B of the Access Arrangement by AusNet Gas Services Pty Ltd (**AusNet Services**) for the Distribution System, AusNet Services proposed the publication of this Annual Tariff Report. The report is published each year in order to enable distribution customers to understand the basis for the tariff policies adopted by AusNet Services and to communicate changes in tariffs.

Customers receive a bill for gas that contains the following elements:

- Gas Distribution charges
- Gas transmission charges
- Energy charges
- Retail charges

This report addresses only the distribution component of a customer's gas bill.

In 2017, the average change in the distribution component is 5.02% and the maximum increase on any tariff is 7.11%. The average change is made up of the following parts:

Price Variation Components	Percentage
CPI	1.30%
X – Factor	3.68%
L – Factor	0.00%
Average Distribution Change	5.02%

Table 1 – Average change of Price Variation Components

Source: AusNet Services – Amounts are not cumulative.

CPI: September Quarter of All Groups, Weighted Average of eight capital cities;
 X Factor: for the regulatory period 2017 is -3.68%, applied as CPI-X;
 L Factor: Variation in licence fees.

3 Scope

The contents of this report apply from 1 January 2017 to 31 December 2017 and are applicable to customers in AusNet Services distribution area – postcodes are set out in the pricing zone table below.

3.1 Pricing Zones

For Tariff V, AusNet Services' Gas Distribution Tariffs are split between four pricing zones – AusNet Services Central, AusNet Services West, AusNet Services Adjoining Central and AusNet Services Adjoining West.

Central ¹	West	Adjoining Central	Adjoining West
3008 ² , 3011, 3012, 3013, 3015, 3016, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3055 ³ , 3058, 3059, 3060, 3061, 3062, 3063, 3064 ⁴ , 3073 ⁵ , 3211, 3212, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3228, 3335, 3337, 3338, 3427, 3428, 3429	3249, 3250, 3266, 3277, 3280, 3282, 3300, 3305, 3340, 3342, 3350, 3352, 3355, 3356, 3357 ⁶ , 3377, 3380, 3400, 3401, 3430, 3437 ⁷ , 3444, 3450, 3451, 3460, 3461, 3464, 3465, 3550, 3551 ⁸ , 3555, 3556.	3213, 3227, 3331.	3241, 3260, 3284, 3357 ⁶ , 3363, 3364, 3431, 3434, 3435, 3437 ⁷ , 3438, 3440, 3441, 3442, 3467, 3551 ⁸ .

Table 2 – Pricing Zone Postcodes

- 1 Postcode 3000 – Following a change to the boundary for this Postcode no AusNet assets are within this area
- 2 Postcode 3008 is shared between the Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001, Multinet Partnership ABN 53 634 214 009, and AusNet Gas Services Pty Ltd ACN 086 015 036. As at the date of this Licence the distribution supply points of AusNet Gas Services Pty Ltd ACN 086 015 036 are connected in the north side of Footscray Road, the east side of Harbour Esplanade, Docklands Drive from Footscray Road to Waterfront Way, Waterfront Way south of Docklands Drive, Doepel Way, Caravel Lane, Aquatania Way, St Mangos Lane, Rakaia Way, New Quay Promenade, Waterview Walk from Bourke Street to Collins Street, Palmyra Way, Etihad Stadium and Batmans Hill Drive.
- 3 Postcode 3055 is shared between the Licensee and Vic Gas Distribution Pty Ltd ACN 085 899 001. The Licensee's distribution supply points are connected in Galtes Crescent, Southam Street, Morrow Street, Hopetoun Avenue, Moreland Road, Hodgins Court and Flannery Court.
- 4 Postcode 3064 is shared between AusNet Gas Services Pty Ltd ACN 086 015 036 and Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001. AusNet Gas Services assets are in Craigieburn, Roxburgh Park and Mickleham, south of the Transmission Electricity Power Line located approximately 1.5km south of Donnybrook Rd
- 5 Postcode 3073 is shared between Vic Gas Distribution Central and AusNet Services Central to the extent that a AusNet Services Central distribution injection point is located at Phillip Street (no AusNet Services Central distribution supply points are connected in postcode 3073).
- 6 Postcode 3357 is supplied under both West Zone and Adjoining West Zone. Adjoining West Zone rates apply to Gillies Rd, Schwarz Rd and Grays Rd Bald Hills
- 7 Postcode 3437 is supplied under both West Zone and Adjoining West Zone. Gisborne South is West Zone and Gisborne and New Gisborne are Adjoining West Zone.
- 8 Postcode 3551 is supplied under both West Zone and Adjoining West Zone. Different rates apply to supply points east and west of Sparrowhawk Road and north and south of the Calder Highway and all supply points west of Maiden Gully Road. Adjoining West Zone rates also apply to Huntly north of Sargeants Road.

3.2 Distribution Tariffs

AusNet Services levies Distribution Tariffs on customers supplied with gas within its Distribution Area as outlined in Schedule 2 of its Distribution Licence. In the last five years, AusNet Services has carried out works costing more than \$580m in operating, maintaining and extending its natural gas network to 92,000 new homes and businesses. This included connecting 15,000 properties as part of the State Government's previous natural gas extension program in 12 Victorian towns (Barwon Heads, Camperdown, Creswick, Gisborne, Lancefield, Macedon, Maiden Gully, New Gisborne, Port Fairy, Riddells Creek, Romsey and Woodend). A further program is now underway and agreement has been reached to provide a further 4 regional towns and 3,280 homes and businesses the opportunity to connect to natural gas.

Through the application of Distribution Tariffs, AusNet Services recovers:

- The costs of operating, maintaining and augmenting the distribution network;
- A return of capital (depreciation of capital expenditure); and
- A return on capital that allows the distributor to earn a rate of return determined by the Australian Energy Regulator (AER).

3.3 Tariff Principles

Distribution Tariffs should be set such that they accurately reflect the costs associated with the AusNet Services Distribution Network as a whole. Distribution Tariffs should also reflect the allocation of these costs between customer groups.

In developing and adjusting Distribution Tariffs, AusNet Services has regard to a number of broad principles including:

- Economic efficiency – Economic efficiency requires that prices give correct signals for the use, operation and expansion of the Distribution Network
- Cost Reflectivity – Cost reflectivity requires that Distribution Tariffs accurately reflect the cost of supplying gas to customers via the distribution system.
- Customer Equity – Customer equity requires that Distribution Tariffs are fair and provide non-discriminatory access to the network.
- Regulatory Compliance – Decisions about AusNet Services' Distribution Tariffs need to be made within the context of various regulatory/legislative instruments as well as other relevant documents.
- Simplicity and stability – Simplicity requires that Distribution Tariffs should be straightforward in application and readily understood by network users. For Distribution Tariffs to meet the stability criteria, they should remain stable and relatively predictable over time to permit customers to make informed investment decisions.
- Commercial Viability – Commercial viability, or financial sufficiency, requires Distribution Tariffs to raise adequate revenue to sustain the distribution business in the performance of its operations and obligations.

It is important to recognise that in developing and adjusting Distribution Tariffs, trade-offs may occur between principles where they conflict.

3.4 Derivation of Distribution Tariffs

The allocation of asset value between AusNet Services Central and AusNet Services West reflects public policy objectives to avoid regional or zonal specific rate shocks. This resulted in a Tariff V structure that included a lower average tariff for the AusNet Services West pricing zone.

With the delivery of gas to regional areas, two additional pricing zones were established as adjoining zones to the Central and West regions. Higher usage rates exist for regional towns where gas reticulation has been recently introduced to reflect the higher capital costs of the infrastructure installed and the higher costs

associated with servicing these areas. The requirement to recover these higher capital and operating and maintenance costs underpins the higher rates in each of these areas.

Regional Development Victoria and AusNet Services reached agreement for the extension of the gas distribution network to Huntly, Avoca, Winchelsea and Bannockburn to be completed by the end of 2017. Details on the timing of the delivery to each these areas are set out on the RDV and AusNet Services websites. For Huntly, Avoca and Winchelsea Gas network tariffs that apply are Adjoining West Zone rates, and Adjoining Central Zone rates for Bannockburn.

Tariff V

Tariff V is a volume based tariff that is applied to the majority of customers connected to the AusNet Services networks. AusNet Services has a separate Tariff V for domestic customers and business customers as well as different rates for each pricing zone. Each Tariff V has a fixed charge component as well as peak and off peak rates and four declining usage blocks.

AusNet Services has different charge rates for domestic and business customers in recognition of the different impacts each makes on the network. Business customers use more gas throughout the year; they only use 1.6 times the off peak daily average in the peak period, whereas domestic customers use a greater quantity during the peak period, 3.3 times the off peak daily average. As a result domestic customers have a greater impact on peak demand and their usage drives peak capacity requirements of the network. AusNet Services has addressed this in the pricing structures by setting higher rates for domestic customers across all usage blocks during the peak period.

In both the Peak and Off Peak periods AusNet Services applies a declining block rate structure. This structure traditionally recognises that the marginal costs of delivery decline as volumes increase. However, when a network approaches full capacity and additional load requires a major augmentation of the network marginal costs will increase and inclining blocks may be more appropriate. More detail on each price component is addressed in the following section on the Allocation of charges.

Tariff D

Tariff D is a demand based tariff and applies only to large business customers connected to the AusNet Services' network. Annual customer charges are determined by the Maximum Hourly Quantity (MHQ) of gas delivered to the customer during the calendar year. To qualify for Tariff D a customer should be using either more than 10,000 Gigajoules of gas in a 12 month period or more than 10 Gigajoules in an hour.

In addition to the tariff charges, customers on Tariff D are also required to pay an Operations and Maintenance (O&M) charge for any dedicated distribution assets, in particular the meter and regulator set installed at the connection point. AusNet Services no longer transfers customers from tariff V to tariff D. Where a tariff V customer's load exceeds the 10,000 GJ/year or 10GJ/hour limits they may be transferred to tariff M.

Tariff M

Tariff M is a demand based tariff and applies only to large business customers connected to the AusNet Services' network. Annual customer charges are determined by the Maximum Hourly Quantity (MHQ) of gas delivered to the customer during the calendar year. To qualify for Tariff M a customer should be using either more than 10,000 Gigajoules of gas in a 12 month period or more than 10 Gigajoules in an hour.

Tariff M customers are not required to pay any additional charges for O&M as this has been embedded in the tariff. This ensures that customers that are considering transferring to a demand based tariff are able to independently assess the benefits prior to making any decision to do so. AusNet Services no longer transfers customers from tariff V to tariff D. Where a tariff V customer's load exceeds the 10,000 GJ/year or 10GJ/hour limits they may be transferred to tariff M.

4 Allocation of Charges between Fixed and Variable Components

4.1 Standing Charge – Fixed

Tariff V is the only Gas Distribution Tariff with a Standing Charge. The standing charge is a fixed charge that recovers the network unavoidable customer costs. These costs are typically connection costs, meter reading, use of system billing, and collection and other fixed costs associated with the maintenance of systems that support Full Retail Contestability.

4.2 Peak and Off Peak Energy Charge – Variable

For Tariff V, the variable peak and off-peak energy charges recover all other non-standing charge costs associated with use of the Distribution System. Typically these costs are associated with network operations, network maintenance, attending to network outages and faults.

4.3 MHQ – Variable (Maximum Hourly Quantity)

This is the measure of the maximum amount of gas used during any one-hour period over the calendar year. Tariff charges are applied to the MHQ recorded for the calendar year in declining blocks. Once a customer's MHQ exceeds the first block the second block rate is applied to incremental MHQ until that is exceeded and the third block rate applied to the balance. When a customer records an MHQ that is greater than that in any prior month the excess amount is retrospectively applied to all prior months for that year.

4.4 Operations and Maintenance Charge

The Operations and Maintenance (O&M) charge applied to Tariff D customers is an excluded service charge that recovers the cost of operating and maintaining mains extensions, services, metering and all other installation-related costs. O&M charges are levied on a per-month basis and apply to all Tariff D customers while they are connected to AusNet Services' Distribution Network.

5 Future Network Tariffs and Tariff issues

Network tariff revenue is the primary source of revenue from which AusNet Services operates, maintains and augments the network. As a regulated distribution business AusNet Services is required to comply with National Energy Law, Victorian state regulations and our current approved Access Arrangement. The 2013 – 2017 Access Arrangement provides for the annual adjustment of tariffs by way of a CPI – X formula that is applied to AusNet Services' tariff basket. The following table sets out the X factor for each year of the current Access Arrangement.

Year	2014	2015	2016	2017 ⁹
X factor	6%	-1%,	2%	-3.68%.

Table 3- 2013-17 approved X factors

There are provisions within the Access Arrangement that allow for some tariff rebalancing to occur throughout the period. This enables AusNet Services to make any necessary adjustments to each tariff and tariff component to maintain compliance with the requirements of the Tariff Principles outlined on page 6 of this Tariff Submission.

AusNet Services will continue to monitor the appropriate balance between peak and off peak rates and the appropriate profile of block rates to ensure that there is equity between customers and customer groups and prices reflect the costs of network operations. Business customers' usage profiles indicate that these customers use peak gas at only 1.6 times the rate of off peak gas while residential customers' peak usage is 3.3 times off peak, accordingly it is AusNet Services' intent to maintain flatter rate profiles for business customers compared to residential customers in future submissions.

⁹ Previously -3.00% updated to -3.68% for the AER approved mains replacement cost pass through, 14 September 2016.

6 2017 Network Tariffs

In 2017, AusNet Services has four Gas Distribution Tariffs for Central and West zones, and four tariffs that apply to regional towns Adjoining Central and Adjoining West zones and two tariffs that apply throughout the distribution area.

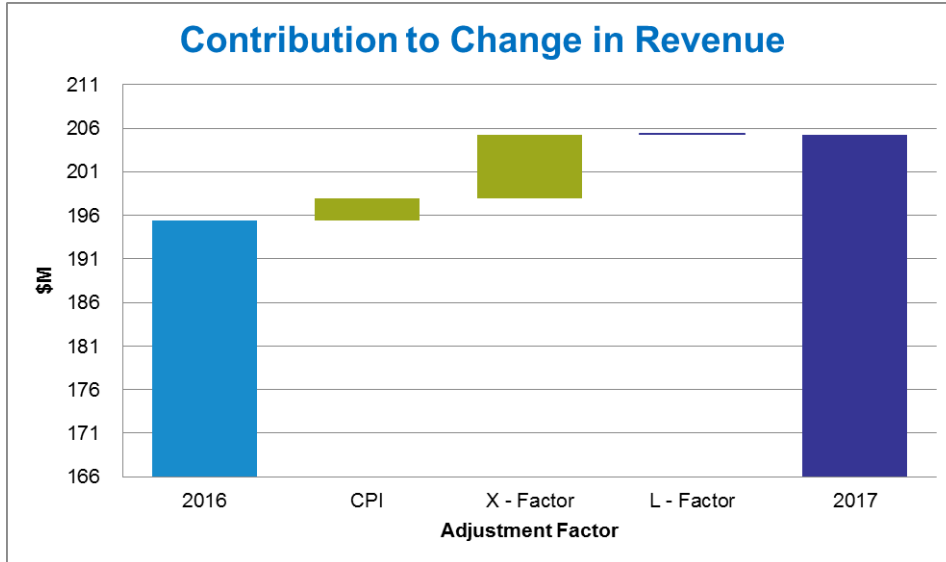
The schedule of Distribution tariffs as approved by the AER that apply throughout AusNet Services' distribution area is set out in Attachment 1.

6.1 New Tariffs

No new tariffs were introduced in 2017.

7 Impact of Network Tariffs

The weighted average adjustment applied to AusNet Services' gas distribution tariffs from 1 January 2017 is 5.02%. This includes an adjustment of -0.001% to allow for changes to License fees imposed on gas distribution companies by the Victorian Department of Treasury and Finance.



8 2017 Distribution Tariff Description

The following section includes a brief description of AusNet Services' Distribution Tariffs.

8.1 Tariff V

The annual GJ volume limit for Tariff V is 10,000 GJ in any 12-month period. The MHQ demand limit is 10GJ consumption in any one hour. Where an existing Tariff V customer exceeds either the volume or demand limit, they may, under the current tariff structure, be eligible to transfer to Tariff M for a minimum of one year. Tariff V has four blocks based on a daily consumption range. Declining unit rates (\$/GJ) apply to each block. The first block attracts the highest \$/GJ charge and the last block attracts the lowest \$/GJ rate. The blocks are:

- 0 – 0.1
- >0.1 – 0.2
- >0.2 – 1.4
- >1.4

There are two rates applicable to each consumption block – peak and off peak – which apply as follows:

Rate	Time
Peak	1 June - 30 September
Off Peak	All other times

Table 4 – Tariff component time periods

The peak period attracts a higher unit rate for each block than the off-peak period.

Tariff V is also split between four regions, Central, West, Adjoining Central and Adjoining West. Information regarding the geographic location according to postcode of these two areas can be found in Schedule 2 of the distribution licence issued to AusNet Services on the ESC website: <http://www.esc.vic.gov.au/>.

8.2 Typical Tariff Calculation

Table 5 shows the calculation of annual gas charges for an average customer on Tariff V – AusNet Services – Domestic for 2017.

	Rate	Energy	Cost
Fixed Charge	0.3290	366	\$120.41
Peak 0 - 0.1	9.3717	12.20 Gj	\$114.33
Peak 0.1 - 0.2	5.6224	12.20 Gj	\$68.59
Peak 0.2 - 1.4	0.9831	7.48 Gj	\$7.35
Peak > 1.4	0.7717	0.00 Gj	\$0.00
Off Peak 0 - 0.1	2.4575	19.24 Gj	\$47.28
Off Peak 0.1 - 0.2	2.0380	0.00 Gj	\$0.00
Off Peak 0.2 - 1.4	0.9351	0.00 Gj	\$0.00
Off Peak > 1.4	0.3216	0.00 Gj	\$0.00
		51.12 Gj	\$357.97

Table 5 – Gas charges for an average customer on Tariff V – AusNet Services – Domestic for 2017

Table 6 shows the calculation of annual gas charges for an average customer on Tariff V – AusNet Services – Non-Domestic for 2017.

	Rate	Energy	Cost
Fixed Charge	0.3464	366	\$126.78
Peak 0 - 0.1	1.5940	12.20 Gj	\$19.45
Peak 0.1 - 0.2	1.5179	12.20 Gj	\$18.52
Peak 0.2 - 1.4	1.3576	146.40 Gj	\$198.75
Peak > 1.4	1.0188	0.56 Gj	\$0.57
Off Peak 0 - 0.1	1.5132	24.30 Gj	\$36.77
Off Peak 0.1 - 0.2	1.0583	24.30 Gj	\$25.72
Off Peak 0.2 - 1.4	0.8746	161.32 Gj	\$141.09
Off Peak > 1.4	0.8326	0.00 Gj	\$0.00
		381.29 Gj	\$440.87

Table 6 – Gas charges for an average customer on Tariff V – AusNet Services – Non-Domestic for 2017

8.3 Domestic Tariffs

Tariff V domestic Distribution Tariffs apply to customers who use their gas supply predominantly for household use.

In 2017, AusNet Services has maintained the difference between peak and off peak rates for domestic gas customers. This reflects the fact that domestic customers tend to use higher proportions of gas during the peak winter period, thus placing a higher constraint on the gas distribution network during this time. This peak demand is the predominant driver of network augmentation expenditure.

AusNet Services Central – Domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3290	0.1806	82.17
Peak 0 - 0.1	9.3717	8.44 Gj	11.08
Peak 0.1 - 0.2	5.6224	8.03 Gj	-30.00
Peak 0.2 - 1.4	0.9831	1.40 Gj	-30.00
Peak > 1.4	0.7717	1.10 Gj	-29.99
Off Peak 0 - 0.1	2.4575	3.51 Gj	-30.00
Off Peak 0.1 - 0.2	2.0380	2.91 Gj	-30.00
Off Peak 0.2 - 1.4	0.9351	1.34 Gj	-30.00
Off Peak > 1.4	0.3216	0.46 Gj	-29.98

Table 7 – The change between 2016 and 2017 Central – Domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
358	345	3.74

AusNet Services Adjoining Central – Domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3290	0.1806	82.17
Peak 0 - 0.1	13.3717	12.44 Gj	7.52
Peak 0.1 - 0.2	9.6222	11.84 Gj	-18.76
Peak 0.2 - 1.4	3.4615	4.94 Gj	-30.00
Peak > 1.4	3.2965	4.71 Gj	-30.00
Off Peak 0 - 0.1	6.2146	6.85 Gj	-9.34
Off Peak 0.1 - 0.2	3.7545	5.36 Gj	-30.00
Off Peak 0.2 - 1.4	3.2965	4.71 Gj	-30.00
Off Peak > 1.4	3.1386	4.46 Gj	-29.62

Table 8 - The change between 2016 and 2017 Adjoining Central – Domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
546	531	2.86

AusNet Services West – Domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3290	0.1806	82.17
Peak 0 - 0.1	5.3351	5.74 Gj	-6.99
Peak 0.1 - 0.2	3.8241	5.46 Gj	-30.00
Peak 0.2 - 1.4	1.2316	1.76 Gj	-29.99
Peak > 1.4	1.1729	1.68 Gj	-30.00
Off Peak 0 - 0.1	1.6731	2.39 Gj	-30.00
Off Peak 0.1 - 0.2	1.4876	2.13 Gj	-30.00
Off Peak 0.2 - 1.4	0.8910	1.27 Gj	-30.00
Off Peak > 1.4	0.1729	0.25 Gj	-29.97

Table 9 - The change between 2016 and 2017 West – Domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
274	262	4.46

AusNet Services Adjoining West – Domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3290	0.1806	82.17
Peak 0 - 0.1	9.3351	9.74 Gj	-4.12
Peak 0.1 - 0.2	7.8241	9.27 Gj	-15.62
Peak 0.2 - 1.4	4.0364	5.76 Gj	-29.92
Peak > 1.4	3.8437	3.37 Gj	14.22
Off Peak 0 - 0.1	5.6731	6.39 Gj	-11.22
Off Peak 0.1 - 0.2	4.2601	6.09 Gj	-30.00
Off Peak 0.2 - 1.4	3.2548	4.65 Gj	-30.00
Off Peak > 1.4	3.0998	3.20 Gj	-3.16

Table 10 - The change between 2016 and 2017 Adjoining West – Domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
469	464	1.09

8.4 Non-Domestic Tariffs

Tariff V non-domestic Distribution Tariffs apply to non-domestic customers who use their gas supply for business/commercial or industrial use.

In 2017, AusNet Services has reduced the difference between peak and off peak rates for non-domestic gas customers. This reflects the fact that non-domestic customers tend to use gas relatively evenly across peak and off-peak periods.

AusNet Services Central – Non-domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3464	0.1902	82.12
Peak 0 - 0.1	1.5940	2.28 Gj	-30.00
Peak 0.1 - 0.2	1.5179	2.04 Gj	-25.46
Peak 0.2 - 1.4	1.3576	1.94 Gj	-30.00
Peak > 1.4	1.0188	1.46 Gj	-30.00
Off Peak 0 - 0.1	1.5132	2.16 Gj	-30.00
Off Peak 0.1 - 0.2	1.0583	1.51 Gj	-30.00
Off Peak 0.2 - 1.4	0.8746	1.25 Gj	-29.99
Off Peak > 1.4	0.8326	1.19 Gj	-30.00

Table 11 - The change between 2016 and 2017 Central – Non-domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
568	698	-18.65

AusNet Services Adjoining Central – Non-domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3464	0.1902	82.12
Peak 0 - 0.1	5.5937	6.28 Gj	-10.89
Peak 0.1 - 0.2	5.3271	5.98 Gj	-10.86
Peak 0.2 - 1.4	5.0678	5.69 Gj	-10.95
Peak > 1.4	4.8117	5.42 Gj	-11.22
Off Peak 0 - 0.1	5.3273	5.98 Gj	-10.89
Off Peak 0.1 - 0.2	5.0583	5.51 Gj	-8.23
Off Peak 0.2 - 1.4	4.8121	5.25 Gj	-8.33
Off Peak > 1.4	4.5825	5.00 Gj	-8.34

Table 12 - The change between 2016 and 2017 Adjoining Central – Non-domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
2,033	2,181	-6.79

AusNet Services West – Non-domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3464	0.1902	82.12
Peak 0 - 0.1	2.6103	3.73 Gj	-30.00
Peak 0.1 - 0.2	2.1983	3.14 Gj	-30.00
Peak 0.2 - 1.4	1.2087	1.73 Gj	-30.00
Peak > 1.4	0.4443	0.63 Gj	-29.99
Off Peak 0 - 0.1	1.0877	1.55 Gj	-30.00
Off Peak 0.1 - 0.2	0.9161	1.31 Gj	-29.99
Off Peak 0.2 - 1.4	0.4954	0.71 Gj	-29.99
Off Peak > 1.4	0.3659	0.52 Gj	-29.98

Table 13 - The change between 2016 and 2017 West – Non-domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
491	590	-16.77

AusNet Services Adjoining West – Non-domestic

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/Gj)	2016 (\$/Gj)	% Change
Fixed Charge per day	0.3464	0.1902	82.12
Peak 0 - 0.1	6.6103	7.73 Gj	-14.47
Peak 0.1 - 0.2	6.1983	7.14 Gj	-13.19
Peak 0.2 - 1.4	5.2087	5.73 Gj	-9.05
Peak > 1.4	4.4439	4.63 Gj	-4.11
Off Peak 0 - 0.1	5.0877	5.55 Gj	-8.39
Off Peak 0.1 - 0.2	4.8454	5.29 Gj	-8.39
Off Peak 0.2 - 1.4	4.4954	4.71 Gj	-4.51
Off Peak > 1.4	4.2322	4.41 Gj	-4.12

Table 14 - The change between 2016 and 2017 Adjoining West – Non-domestic Distribution Tariffs

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
2,015	2,115	-4.74

8.5 Tariff D

For Tariff D, the MHQ charge recovers all capital and operation and maintenance costs associated with the common use assets in the Distribution System. These are the upstream costs and are in addition to those covered by dedicated use assets – O&M costs recovered directly from customers on tariff D.

Tariff D currently applies to any new (or Greenfields) customer with an expected GJ volume greater than 10,000 GJ in any 12-month period, or the MHQ limit of 10 GJ in any hour. Tariff D is also available to any customer who previously elected to be on Tariff D and has agreed to:

- purchase a meter (that complies with the appropriate metering standard) capable of recording their MHQ;
- pay a contribution to the capital cost of their connection; and
- take or pay for a minimum MHQ of 1.15 GJ (equivalent of any annual consumption of 10,074 GJ at 100% load factor).

Tariff D customers are charged per MHQ and three blocks apply. These blocks are:

- 0 – 10 MHQ (GJ/hour)
- >10 – 50 MHQ (GJ/hour)
- 50 MHQ (GJ/hour)

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/MHQ)	2016 (\$/MHQ)	% Change
0 - 10	404.4178	577.7397	-30.00
10 - 50	385.1597	550.2281	-30.00
> 50	186.9910	258.5647	-27.68

Table 15 - The change between 2016 and 2017 Tariff D

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
8,810	12,463	-29.31

8.6 Tariff M

Tariff M applies to existing Tariff V customers who exceed the Tariff V consumption limits of 10,000 GJ in any 12-month period, or the MHQ limit of 10 GJ in any hour.

For Tariff M, the MHQ charge recovers an average operation and maintenance charge across all Tariff M customers for the dedicated assets, and capital and operation and maintenance costs associated with the entire Distribution System, rather than an individually calculated charge for each customer. As the charge relates to the entire network it is not necessary to make a separate O&M charge. This reduces administrative costs and ensures that customers can accurately assess the cost of changing tariffs prior to reassignment occurring. The nature of the reassignment process from Tariff V to Tariff M means that customers have the opportunity to request to remain on Tariff V for a period that is monitored by AusNet Gas Services Pty Ltd to ensure that consumption requirements are not exceeded.

Tariff M customers are charged per MHQ and three blocks apply. These blocks are:

- 0 – 10 MHQ (GJ/hour)
- >10 – 50 MHQ (GJ/hour)
- 50 MHQ (GJ/hour)

The change between the 2016 and 2017 Distribution Tariffs is shown below.

Block	2017 (\$/MHQ)	2016 (\$/MHQ)	% Change
0 - 10	886.0742	1265.8202	-30.00
10 - 50	843.8801	1205.543	-30.00
> 50	175.6783	250.969	-30.00

Table 16 - The change between 2016 and 2017 Tariff M

Change in weighted average customer charge:

2017 (\$/Customer)	2016 (\$/Customer)	% Change
15,971	22,816	-30.00

8.7 Assignment of Distribution Tariffs

Information regarding the initial assignment and reassignment of Gas Distribution Tariffs can be found in Part B of the Access Arrangement by AusNet Services for the Distribution System, available on the AER website at <http://www.aer.gov.au/>.

8.8 Ancillary Reference Services

The following Ancillary Reference Services are provided in relation to Distribution Supply Points at which Gas is withdrawn by or in respect of a Residential Customer:

- Meter and Gas Installation Test – on-site testing to check the accuracy of a Meter and the soundness of a Gas Installation, in order to determine whether the Meter is accurately measuring the Quantity of Gas delivered.
- Disconnection Service – Disconnection by the carrying out of work being:
 - removal of the Meter at a Metering Installation, or

- the use of locks or plugs at a Metering Installation in order to prevent the withdrawal of Gas at the Distribution Supply Point.
- c) Reconnection Service – Reconnection by turning on Supply, including the removal of locks or plugs used to isolate Supply or reinstallation of a Meter if it has been removed, performance of a safety check and the lighting of appliances where necessary
- d) Special Meter Reading Service – meter reading for a DSP in addition to the scheduled meter readings that form part of the Haulage Reference Services.

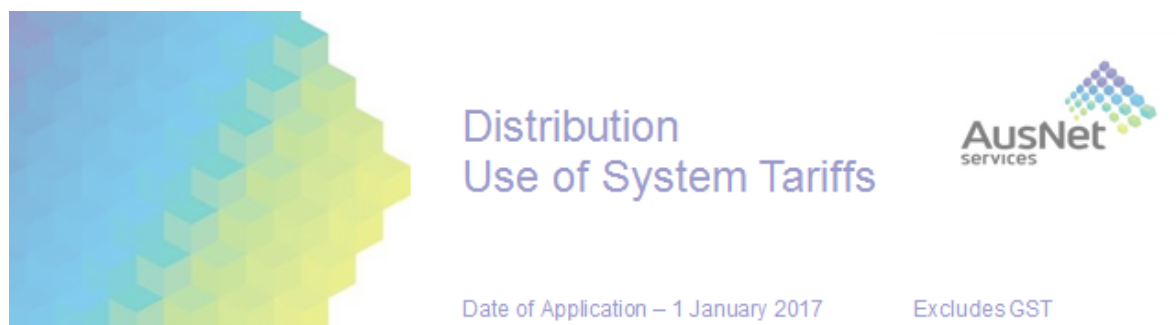
Ancillary reference services are charged to recover labour and material costs and adjusted for inflation over the regulatory period.

Billing: Following completion of the work charges will be made to the requesting Financially Responsible Organisation on their monthly Distribution Invoice under charge code 010107 for a Non Off-Peak Meter and charge code 010108 for an Off Peak Meter.

9 Attachments

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10 Attachment 1 – Distribution Use of System Tariffs



Distribution Use of System Tariffs



Date of Application – 1 January 2017

Excludes GST

Central Zone

Postcodes: 1, 3008*, 3011, 3012, 3013, 3015, 3016, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3055*, 3058, 3059, 3060, 3061, 3062, 3063, 3064*, 3073*, 3211, 3212, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3228, 3335, 3337,

Tariff V

Domestic (TNVDC)

Distribution Fixed Tariff Component		\$0.3290/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	9.3717	2.4575	
> 0.1 – 0.2	5.6224	2.0380	
> 0.2 – 1.4	0.9831	0.9351	
> 1.4	0.7717	0.3216	

Non Domestic (TNVNC)

Distribution Fixed Tariff Component		\$0.3464/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	1.594	1.5132	
> 0.1 – 0.2	1.5179	1.0583	
> 0.2 – 1.4	1.3576	0.8746	
> 1.4	1.0188	0.8326	

Tariff M (TNMC)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	886.0742
> 10 – 50	843.8801
> 50	175.6783

Tariff D (D)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	404.4178
> 10 – 50	385.1597
> 50	186.9910

West Zone

Postcodes: 3249, 3250, 3266, 3277, 3280, 3282, 3300, 3305, 3340, 3342, 3350, 3352, 3355, 3356, 3357*, 3377, 3380, 3400, 3401, 3430, 3437*, 3444, 3450, 3451, 3460, 3461, 3464, 3465, 3550, 3551*, 3555, 3556

Tariff V

Domestic (TNVDW)

Distribution Fixed Tariff Component		\$0.3290/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	5.3351	1.6731	
> 0.1 – 0.2	3.8241	1.4876	
> 0.2 – 1.4	1.2316	0.8910	
> 1.4	1.1729	0.1729	

Non Domestic (TNVNW)

Distribution Fixed Tariff Component		\$0.3464/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	2.6103	1.0877	
> 0.1 – 0.2	2.1983	0.9161	
> 0.2 – 1.4	1.2087	0.4954	
> 1.4	0.4443	0.3659	

Tariff M (TNMW)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	886.0742
> 10 – 50	843.8801
> 50	175.6783

Tariff D (D)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	404.4178
> 10 – 50	385.1597
> 50	186.9910



Distribution Use of System Tariffs



Date of Application – 1 January 2017

Excludes GST

Adjoining Central Zone

Postcodes: 3213, 3227, 3331

Tariff V

Domestic (TNVDAC)

Distribution Fixed Tariff Component		\$0.3290/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	13.3717	6.2146	
> 0.1 – 0.2	9.6222	3.7545	
> 0.2 – 1.4	3.4615	3.2965	
> 1.4	3.2965	3.1386	

Non Domestic (TNVNAC)

Distribution Fixed Tariff Component		\$0.3464/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	5.5937	5.3273	
> 0.1 – 0.2	5.3271	5.0583	
> 0.2 – 1.4	5.0678	4.8121	
> 1.4	4.8117	4.5825	

Tariff M (TNMAC)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	886.0742
> 10 – 50	843.8801
> 50	175.6783

Tariff D (D)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	404.4178
> 10 – 50	385.1597
> 50	186.9910

Adjoining West Zone

Postcodes: 3260, 3284, 3357¹, 3363, 3364, 3431, 3434, 3435, 3437², 3438, 3440, 3441, 3442, 3551¹

Tariff V

Domestic (TNVDAW)

Distribution Fixed Tariff Component		\$0.3290/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	9.3351	5.6731	
> 0.1 – 0.2	7.8241	4.2601	
> 0.2 – 1.4	4.0364	3.2548	
> 1.4	3.8437	3.0998	

Non Domestic (TNVNAW)

Distribution Fixed Tariff Component		\$0.3464/day	
Consumption Range (GJ/day)	Distribution Volume Tariff component		
	Peak Period (\$/GJ)	Off-peak Period (\$/GJ)	
0-0.1	6.6103	5.0877	
> 0.1 – 0.2	6.1983	4.8454	
> 0.2 – 1.4	5.2087	4.4954	
> 1.4	4.4439	4.2322	

Tariff M (TNMAW)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	886.0742
> 10 – 50	843.8801
> 50	175.6783

Tariff D (D)

Annual MHQ (GJ/hr)	Distribution Demand Tariff component (\$/MHQ)
0-10	404.4178
> 10 – 50	385.1597
> 50	186.9910



Distribution Use of System Tariffs



Date of Application – 1 January 2015

Excludes GST

Notes

- 1 Postcode 3000 – Following a change to the boundary for this Postcode no AusNet assets are within this area.
- 2 Postcode 3008 is shared between the Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001, Multinet Partnership ABN 53 634 214 009, and AusNet Gas Services Pty Ltd ACN 086 015 036. As at the date of this Licence the distribution supply points of AusNet Gas Services Pty Ltd ACN 086 015 036 are connected in the north side of Footscray Road, the east side of Harbour Esplanade, Docklands Drive from Footscray Road to Waterfront Way, Waterfront Way south of Docklands Drive, Doppel Way, Caravel Lane, Aquatania Way, St Mangos Lane, Rakaia Way, New Quay Promenade, Waterview Walk from Bourke Street to Collins Street, Palmyra Way, Etihad Stadium and Batmans Hill Drive.
- 3 Postcode 3055 is shared between the Licensee and Vic Gas Distribution Pty Ltd ACN 085 899 001. The Licensee's distribution supply points are connected in Galtes Crescent, Southam Street, Morrow Street, Hopetoun Avenue, Moreland Road, Hodgins Court and Flannery Court.
- 4 Postcode 3064 is shared between AusNet Gas Services Pty Ltd ACN 086 015 036 and Australian Gas Networks (Vic) Pty Ltd ACN 085 899 001. AusNet Gas Services assets are in Craigieburn, Roxburgh Park and Mickleham, south of the Transmission Electricity Power Line located approximately 1.5km south of Donnybrook Rd
- 5 Postcode 3073 is shared between Vic Gas Distribution Central and AusNet Services Central to the extent that a AusNet Services Central distribution injection point is located at Phillip Street (no AusNet Services Central distribution supply points are connected in postcode 3073).
- 6 Postcode 3357 is supplied under both West Zone and Adjoining West Zone. Adjoining West Zone rates apply to Gillies Rd, Schwarz Rd and Grays Rd Bald Hills
- 7 Postcode 3437 is supplied under both West Zone and Adjoining West Zone. Gisborne South is West Zone and Gisborne and New Gisborne are Adjoining West Zone.
- 8 Postcode 3551 is supplied under both West Zone and Adjoining West Zone. Different rates apply to supply points east and west of Sparrowhawk Road and north and south of the Calder Highway and all supply points west of Maiden Gully Road. Adjoining West Zone rates also apply to Huntly north of Sargeants Road.

Billing Parameters

Distribution tariffs are charged in accordance with the billing parameters outlined in Part A of the *Access Arrangement* by SPI Networks (Gas) Pty Ltd.

DOMESTIC – Domestic tariffs will be applied to premises where the predominant consumption of gas is for non-commercial or non industrial residential purposes.

NON DOMESTIC – Non Domestic tariffs will be applied to all premises where the predominant consumption of gas is for commercial or industrial purposes.

TARIFF M – A separate Operations & Maintenance (O&M) charge is not applicable to Tariff M customers.

PEAK PERIOD – 1 June to 30 September.

OFF PEAK PERIOD – All Other Times.

11 Attachment 2 – Ancillary Reference Tariffs



Ancillary Reference
Tariffs & Other Charges



Date of Application – 1 January 2017 Excludes GST

1. AusNet Gas Services Access Arrangement, Part B, Schedule 2

Reference	Service Description	GST Exc \$	GST Inc \$
810108NH	Meter & Gas Installation Test, accuracy within Code	171.01	\$188.11
810101NH	Disconnection – locks & plugs at the meter installation.	57	\$62.70
810103NH	Reconnection – following insertion of locks & plugs at the meter installation.	57	\$62.70
830101NH	Special Read – final read	8.83	\$9.71
830102NH	Special Read – reference read	8.83	\$9.71
830103NH	Special Read – account investigation	8.83	\$9.71
830104NH	Special Read – customer transfer	8.83	\$9.71
830105NH	Special Read – disconnection	8.83	\$9.71

2. AusNet Gas Services Non Reference Services charged at Recoverable Rates

Reference	Service Description	GST Exc \$	GST Inc \$
810107NH	Provision of Service Pipe (\$/m)	43.4	\$47.74
	Standard Hourly Labour Rate (\$/hr)	125.58	\$138.14
810102NH	Disconnection – meter removal		
810114NH	Disconnection – excavate & shut service tee		
810115NH	Disconnection – illegal use, excavate & shut service tee		
810103NH	Reconnection – following meter removal		
810118NH	Reconnection – following excavation & shut service tee		
820101NH	Excess Service Charge - Customer Contribution		
820112NH	Alter Meter Position (Meter Removal plus Reconnection, Single Visit)		
820103NH	Mains Extension		
820104NH	Meter Security and Protection		
820105NH	Tracing Of Fitting Lines		
820108NH	Detailed retake and test downstream of meter		
820109NH	Upgrade Service Size		
820110NH	Upgrade Meter Size		
820111NH	Remove and Consolidate Fittings		

