

31 March 2020

Mr Warwick Anderson  
General Manager - Networks Finance and Reporting  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

Dear Warwick

**Priorities and Objectives for Reporting on Regulated Electricity and Gas Network Performance - AER Consultation Paper**

I refer to the above consultation paper and welcome the opportunity to respond on behalf of the Australian Gas Infrastructure Group (AGIG). We endorse the comments made by Energy Networks Australia, and focus our submission on a few additional points. In particular, we make three overarching comments:

- Like many businesses, we already report a large amount of information to different jurisdictions. We have provided a summary of some of this information in an appendix. We acknowledge that the AER examined this issue in 2011, but adding gas to the reporting regime will require the AER to re-examine the issue. We would encourage the AER to continually review additional information requirements in light of existing reporting obligations on business and in so doing to formally examine whether the value added for consumers outweighs the costs in each instance.
- There is considerable focus on comparison between businesses in the consultation paper. This is beneficial for the advancement of promoting efficiency improvements across industry, but the AER needs to remain mindful of legitimate differences between businesses. This was considered by the AER in 2011 in the context of electricity businesses, but will need to be considered afresh in respect of gas, which, as a fuel of choice, is very different from electricity in many respects.
- It would be helpful if the AER formally included the incentive nature of the regulatory regime in its objectives in some way. This helps focus all stakeholders on the overall goals of regulation and prevents, for example, issues such as an increase in profits that arise from opex savings being seen as a negative outcome of the regulatory system.

We have responded to the AER's particular objectives and priorities in the table below.

**Table 1: AGIG responses to consultation paper**

AER Objectives/ Priorities	AGIG Comments
<b><i>AER Proposed Objectives</i></b>	
Provide an information resource	We have no particular comments on this objective, but note that stakeholders learn about networks at different rates, and that there will always be a role for the 2011 goal of education.
Transparency	We have no comments on this objective..
Accountability	We have no comments on this objective.
Performance	We agree that “performance” is an important consideration for the AER, and agree with the sentiments outlined in the AER’s table.
Inform consideration of the effectiveness of the regulatory regime	Effectiveness is a useful goal in principle, but needs more concise definition; more investment and/or lower prices are not always indications of effectiveness. Further, there are several elements to an effective regime including the regulatory framework itself, how the AER implements its role within that regulatory framework and how energy businesses respond to both the framework and the AER. Any consideration of effectiveness needs to be able to distinguish between these three elements such that stakeholders are able to see the root cause of any ineffectiveness that might exist, and thus work to remedy it.
<b><i>AER Proposed Priorities</i></b>	
Operational performance of the networks	We have no particular comment on this priority area. However, we would note in the context of our over-arching comments above about the comparability across gas and electricity, and distribution and transmission.
Financial performance of the networks	We have been involved in developing the current profitability metrics that the AER proposes to use and have found this process to be valuable. We would note that, whilst reports on financial performance are important, there are issues of comparability (particularly between regulatory and statutory measures, an issue well-ventilated during the profitability process) and there are also genuine issues of commercial confidentiality; for example, in the reporting of debt instruments. This pertains not only to networks, but to businesses like banks who provide them financial services; they are stakeholders too. The AER has handled this well in its collection of debt data, and we would suggest that the processes followed here provide a useful benchmark for wider consideration of financial issues.
Network efficiency	We have no particular comment on this priority area, aside from noting that it is not clear how this is distinct from the priority around the operational performance of the networks. It would seem logical that the key goal of collecting data on operational performance would be to use that data in analytical work to determine levels of efficiency, and thus that this is an analytical task associated with the first priority area, rather than being a separate data report in its own right.
Network service quality	We have no particular comment in this priority area, save to note our over-arching comment above about data already collected and duplication.
Emerging issues	It is difficult to comment upon an open-ended priority area, and we would appreciate the AER consulting further on this suite of measures as they develop. The AER may already have this in mind when it mentions the “technological transition of electricity and gas networks”, but one emerging issue to focus upon might be the declining costs and changing policy framework around renewable energy; which may one day compete directly with regulated energy networks. This would change the role of regulation and, since our capital is returned relatively slowly over long timeframes, planning for this outcome needs to occur well in advance of its occurring.

Should you have any queries in respect of the above, please contact [REDACTED] [REDACTED] Once again, we look forward to working with you as you develop network performance measures.

Yours sincerely

[REDACTED]

**Craig de Laine**  
**General Manager – People and Strategy**

## Appendix A – Information on AGIG Performance Reporting to State Regulators for Regulated Gas Distribution Networks

For the South Australian gas distribution network we report the following to state base:

- Annually and quarterly reporting on performance to the Essential Service Commission of South Australia (Commission) on:
  - Total number of calls received on the Leaks and Emergencies number;
  - Total number of calls to the Leaks and Emergencies number answered within 30 seconds;
  - Percentage of calls to the Leaks and Emergencies number answered within 30 seconds;
  - Average answer time for calls to the Leaks and Emergencies number;
  - Total number of potential gas leaks reported by the public;
  - Total number of high-priority gas leaks reported by the public;
  - Total number of other gas leaks reported by the public;
  - Percentage of gas leaks reports by the public repaired within the timeframes in AGN's Leakage Management Plan;
  - Total number of publicly reported potential gas leaks attended where no leak was found;
  - Number of customers experiencing multiple interruptions within a year;
  - Number of customers experiencing long duration interruptions;
  - Quantity of gas entering the distribution system from each source;
  - Size of each separate distribution network;
  - Quantity of gas distributed to customers; and
  - Number of customers connected to the distribution system as at the last day of the reporting period.
- Annually prepare, submit and review a safety, reliability, maintenance and technical management plan (SRMTMP);
- Annually review the unaccounted for gas (UAFG) plan;
- Annually prepare and submit Leakage Management Plan;
- Annually prepare and submit Asset Management Plan;
- Annually prepare and submit Mains Replacement Plan;
- Annual preparation, submission and review of a Gas Measurement Management Plan;
- Quarterly reporting on performance to the Office of the Technical Regulator (Technical Regulator) on:
  - Mains Replacement Plan; and
  - Class 2 Gas leaks.
- Annual Key Performance Indicator Reporting to the Technical Regulator on:
  - Number of damages to the mains and services caused by third parties;
  - Number of DBYD locations provided to third parties;
  - Number of completed emergency exercises;
  - Number of evacuations directly attributed to a gas leak from mains or inlet services;
  - Number of instances where a gas leak from a network enters a building;
  - Number of fires or explosions caused by a gas leak from a network;
  - Number of gas outages (>5 customers affected);
  - Number of gas meters changed;
  - Number of overdue gas meters;
  - Total gas entering the Distribution System (including farm taps) (TJ);
  - Number of poor pressure incidents reported;
  - Number of excursions exceeding one-fifth of the Lower Explosive Limit (LEL);
  - Number of excursions below 7 mg/m<sup>3</sup> total odorant;
  - Total number of excursions from the gas quality requirements, as specified in AS 4564;
  - Length of distribution system (km);
  - Total length of mains replaced (km);

- i) CI/UPS – Adelaide CBD;
- ii) CI/UPS - MP Trunk;
- iii) CI/UPS – all SA areas, except Adelaide CBD;
- iv) HDPE ‘old generation’ – all SA areas;
- v) CI/UPS – Reactive condition based replacement;
- vi) HDPE – Reactive condition based replacement;
- Total UAFG (TJ);
- Number of publicly reported gas leaks (mains and services, excluding third party damages);
- Percentage of publicly reported gas leaks where gas leak was found;
- Number of leaks detected by Leakage Surveys (per km of surveyed mains);
- Percentage of refresher training compliance to scheduled volumes;
- Number of customer connections (at 30 June each year); and
- Number of new connections completed.

For the Multinet Gas and AGN Victorian gas distribution networks we report the following:

- Annually and quarterly reporting of Distribution Information Specification to the Energy Safe Victoria (ESV) on:
  - Distribution customers – total;
  - Distribution customers – domestic active meters;
  - Distribution customers - non-domestic active meters;
  - Gas Consumption - Domestic (TJ);
  - Gas Consumption – Non-Domestic (TJ);
  - Unaccounted for Gas (TJ);
  - Total kilometres of gas transmission pipelines;
  - Total kilometres of gas distribution mains;
  - Number of customers affected by five or more but less than 10 unplanned outages within the calendar year;
  - Number of customers affected by 10 or more unplanned outages within the calendar year;
  - Number of Publicly Reported Leak Repairs;
  - Unplanned outages affecting one customer;
  - Unplanned outages affecting 5 or more customers;
  - Number of customers affected by unplanned outages for company as a whole;
  - Number of minutes of gas supply lost through unplanned outages for company as a whole;
  - Number of Planned Customer Interruptions;
  - Number of minutes of gas supply lost through planned customer interruptions;
  - Number of distribution mains damages;
  - Number of distribution services damages;
  - Number of unauthorised activities in vicinity of transmission pipelines;
  - Network incident reports to ESV;
  - Number of kms of low pressure gas mains decommissioned and replaced with high pressure;
  - Number of low pressure services replaced with high pressure services;
  - The Objective, scope and number of desktop and role play exercises performed during the quarter;
  - Percentage of metropolitan business hours priority A calls responded to within 60 minutes;
  - Percentage of metropolitan after hours priority calls responded to within 60 minutes;
  - Percentage of country priority A calls responded to within 60 minutes;
  - The five longest response times;
  - Total number of Calls to Call Centre fault line;
  - Complaints – connection & augmentation;
  - Complaints - quality and reliability of supply;
  - Complaints – other;
  - Number of GSL payments for 5 unplanned interruptions within a calendar year;
  - Aggregate dollars for GSL payments for 5 unplanned interruptions within a calendar year;

- Number of GSL payments for 10 unplanned interruptions within a calendar year;
- Aggregate dollars for GSL payments for 10 unplanned interruptions within a calendar year;
- Number of GSL payments for interruptions lasting greater than 12 hours but less than 18 hours;
- Aggregate dollars for GSLs for interruptions lasting greater than 12 hours but less than 18 hours;
- Number of GSL payments for interruptions lasting greater than 18 hours;
- Aggregate dollars for GSL payments for interruptions lasting greater than 18 hours;
- Number of customer arranged appointments;
- Number of appointments not met within 2 hours of scheduled time where customer was present;
- Number of GSL payments payable for appointment times not met where customer was present;
- Aggregate dollars payable as GSL payments for appointments not met where customer present;
- Number of appointments not met by the agreed date where customer not present;
- Number of GSL payments payable for appointment not met where customer not present;
- Aggregate dollars payable as GSL payments for appointment not met where customer not present;
- Number of connection made;
- Number of connections made more than 1 day but within 2 days of agreed date;
- Number of connections made more than 2 days but within 3 days of agreed date;
- Number of connections not made within 3 days of agreed date;
- Number of GSL payments made to customers for connection delays; and
- Aggregate dollars payable to customers as GSL payments for connection delays.
- Quarterly reporting of Transmission Information Specification to the ESV on:
  - Number of Pipeline Damage Incidents;
  - Number of Unauthorised Excavations within 3m of Natural Gas Transmission Pipelines;
  - Number of Significant Gas Leaks;
  - Number of Unplanned Gas Releases;
  - Number of Desktop Exercises;
  - Number of Role Play Exercises;
  - Intelligent Pigging;
  - Coating Surveys;
  - Dig Ups;
  - Dial Before You Dig Enquiry Responses;
  - Pipeline Patrols Completed;
  - Tests Meeting Cathodic Protection Criteria;
  - Potential Surveys Completed;
  - Land owner and occupier communications;
  - Land owner and occupier's contacted Face-to-Face;
  - Third party communications;
  - Third parties contacted Face-to-Face;
  - Council communications; and
  - Council's contacted Face-to-Face.
- Annually prepare and submit a Pipeline Safe and Integrity Report to the ESV;
- Annually prepare and submit a Pipeline Environmental Management Report to the Department of Environment, Land, Water & Planning (DELWP);
- Annually reporting of Unaccounted for Gas (UAFG) to the Australian Energy Market Operator (AEMO) and Essential Services Commission of Victoria (ESCV) on:
  - Total gas injection;
  - Gas withdrawn by the distributor; and
  - Volume and Percentage of UAFG.
- Monthly reporting on mains replacement performance update to the ESV.