

15 April 2021

Jemena Gas Networks (NSW)  
Ltd  
ABN 87 003 004 322

Kami Kaur  
Acting General Manager, Distribution  
Australian Energy Regulator  
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By email: [REDACTED]

Dear Ms Kaur

### **Jemena Gas Networks – Tariff Variation Notice for 2021-22 reference tariffs**

In accordance with clause 3 of its Access Arrangement (**AA**) for the NSW gas network, Jemena Gas Networks (**JGN**) advises that it proposes to vary Reference Tariffs effective from 1 July 2021.

JGN's submission escalates JGN's reference tariff revenues by CPI, the allowed X factor and automatic adjustment factor as approved by the AER in the *Access Arrangement: Jemena Gas Networks NSW gas distribution networks, 1 July 2020 – 30 June 2025*, published in June 2020.

The attached variation notice:

- Sets out JGN's proposed reference tariffs for the 2021-22 financial year
- Demonstrates how these proposed 2021-22 reference tariffs comply with the tariff variation mechanism
- Calculates JGN's 2021-22 automatic adjustment factor (for Unaccounted for Gas and licence fee true-ups) and applies this to its reference tariffs.

**Confidential information**

JGN has highlighted confidential information in the tariff variation notice. **Attachment 1** to this letter details the relevant sections of the tariff variation notice that JGN considers to be commercial-in-confidence and the basis of the claims. The claims are made and justified in accordance with the AER’s confidentiality guideline.

Should you wish to clarify any aspect of the proposed variations you can contact Ju-Ai Ng, Pricing & Tariffs Analyst on [REDACTED]

Yours sincerely,



**Chris Stewart**  
Group Network Pricing & Compliance Manager  
Jemena Ltd

**Attachments:**

- *Tariff variation notice for 20121-22 reference tariffs, (public and confidential versions)*
- *Attachment A to the TVN: Proposed reference tariff model (confidential)*
- *Attachment C to the TVN: Core Energy verification of the gas quantity used in the tariff variation formula*
- *Attachment D: Reference tariff schedule.*

Copied to:



## Attachment 1 - Jemena Gas Networks (NSW) Ltd, 2021-22 Tariff Variation Notice

### Claims for commercial-in-confidence

The following table sets out specific sections of JGN's tariff variation notice that JGN claims to be commercial-in-confidence and the basis of the claim. JGN has applied the rationale for claiming information as commercial-in-confidence as set out in the AER's confidentiality guideline.

Title, page & paragraph number of document containing confidential information	Description of confidential information	Topic the confidential information relates to (e.g. capex, opex, WACC etc.)	Identify the recognised confidentiality category that the information falls within	Provide a brief explanation of why the information falls into the selected category. If information falls within 'other', please provide further details on why the information should be treated as confidential	Specify reasons supporting how and why detriment may be caused from disclosing the identified information	Provide any reasons supporting why the identified detriment is not outweighed by the public benefit (especially public benefits such as the effect on the long term interests of consumers)
Table 4-3, p. 9 of Tariff Variation Notice	Average UAG cost per GJ and demand & volume market gas receipts	Financial details for UAG	Market sensitive cost inputs.	Revealing JGN's average UAG price would diminish JGN's ability to obtain competitive replenishment gas prices. JGN has also removed the gas input quantities to ensure the price cannot be back-solved but the total UAG recoverable cost can still be revealed to customers.	JGN considers that these details should remain confidential so as to not disadvantage JGN (and therefore our customers) when seeking to procure this gas via competitive tender.	As UAG is a pass through item, JGN customers would be worse off should JGN's tendering position deteriorate.

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Section 4.3, p. 10 of Tariff Variation Notice	Proposed adjustments to prudent discounts	Financial details for prudent discounts	Market sensitive cost inputs.	Revealing JGN's prudent discounts would diminish JGN's ability to respond to competition from other providers of pipeline services of other sources of energy and to maintain an efficient use of the pipeline.	JGN considers that these details should remain confidential so as to not disadvantage JGN when seeking to respond to competition from other providers of pipeline services of other sources of energy and to maintain an efficient use of the pipeline.	Without a prudent discount, a customer is likely to elect to bypass the network, with the consequence that tariffs are likely to be higher for all remaining users on the network than they would otherwise have been.
Attachment A: Reference tariff model	UAG values and individual consumption data	UAG/consumption levels	Market sensitive cost inputs/ personal information	The reference tariff model contains both UAG information and a number of tariffs classes that contain less than 3 customers and would therefore disclose individual customers' consumption levels.	Compliance with Privacy Law—this is private information relating to individual customer consumption levels. UAG reasons as above.	Compliance with Privacy Law—this is private information relating to individual customer consumption levels. UAG reasons as above.

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Attachment B: JGN gas quantity statement	Individual consumption data for customers in tariff classes DC9, DMT1, DMT2, DCFR1, DCFR6, and DMTR3	Consumption levels	Market sensitive cost inputs/ personal information	The statement of gas quantity inputs includes contains a number of tariffs classes that contain less than 3 customers and would therefore disclose individual customers' consumption levels.	Compliance with Privacy Law—this is private information relating to individual customer consumption levels.	Compliance with Privacy Law—this is private information relating to individual customer consumption levels.