

Proposed revisions to ActewAGL's gas network access arrangement

1 July 2010 to 30 June 2015

Date: 27 July 2009

Time: 10 am to 12 noon

Venue: ACCC

23 Marcus Clarke Street

Canberra

Forum Presenters: **ActewAGL**
Michael Charlton - General Manager Networks
David Graham - Director Regulatory Affairs and Pricing

AER
Mike Buckley, General Manager Network Regulation North
Branch, Australian Energy Regulator

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- 1. Introductions**
 - 2. Outline of ActewAGL ACT, Queanbeyan and Palerang gas distribution network – Access arrangement revision proposal (ActewAGL)**
 - 3. Background to AER review (AER)**
 - 4. Questions**

Questions

The issue was raised about what is the currency of a survey about consumer preferences which is seven or so years old?

- Q: The issue raised sort clarification about whether the survey had been updated and whether a survey about consumer preferences that was that old could be relied on to identify consumer preferences. **(ACAT)**
- A: In response ActewAGL indicated that it was costly to undertake a survey of that scale. To some extent, survey results were updated annually through ActewAGL's customer satisfaction survey.

How does this impact what price the consumer pays?

- Q: The issue raised was what were the implications for the price the consumer pays and then clarification was sought as to whether the survey had factored and updated analysis recently about the retail business. **(ACAT)**
- A: ActewAGL indicated that the survey results outlined only related to the distribution or network business and not the retail business, as this was a separate business arm. Its focus was on distribution service parameters such as reliability of supply.

Hoskinstown to Fyshwick loop and proposed gas fired generator

- Q: Is the purpose of the loop to meet demand for the proposed gas fired power station at Hume and the likely demand for additional capacity? **(ACAT and ICRC)**
- A: ActewAGL reiterated its submission about why the loop project was being considered both in its presentation and to answer this question. Its purpose in proposing the loop included securing of supply, transmission pipeline constraints and the need to be able to store gas and the impact of the short term trading market on gas supply. ActewAGL outlined that the loop was stage 1 of a capital works programme, and stage 2 would in the future seek to secure supply by extending the network from Molonglo Valley to the Phillip primary receipt station. ActewAGL outlined that it was not involved in the development of the proposed gas fire power station and could not provide details about when it might come on line, but would be dealt with under its extensions and expansions policy and capital contributions policy as relevant.

Bungendore extension

- Q: How has the Bungendore extension been justified? **(ACAT)**
- A: Analysis was undertaken to demonstrate that the incremental revenue exceeded incremental costs.

Unaccounted for gas (UAG)

- Q: What is the reason for the step increase for unaccounted for gas and who pays for the losses? Is it consumers and why? **(ACAT)**

A: ActewAGL outlined that UAG is made up of a number of elements with the single largest contributor being the limits of meter accuracy. Gas is not normally lost from systems, it just cannot be billed to a particular retailer. The step increase in UAG in the current access arrangement period mainly relates to a measurement issue related to the bringing on line and increased use of the gas from the EGP at Hoskinstown. Meters tend to ‘run slow’ at low pressure and the peakiness of network demand may influence the levels of UAG experienced. The industry benchmark for UAG is 1.8% of throughput. ActewAGL faces strong incentives to minimise UAG as it has a direct impact on revenues.

Attendees:

Danielle Beinart	Jemena, Manager Regulatory Projects and Strategic Development Jemena
Rob McMillan	Jemena, Consultant
Bill Percy	ACAT Energy and Water, Member
Maree Richards	Country Energy, Network Regulation Manager
Jason Cooke	Country Energy, Group Manager Regulatory Strategy
Natalie Lindsay	Country Energy, General Manager Regulatory Affairs
Paul Baxter	ICRC – Senior Commissioner
Garth Crawford	Concept Economics, Senior Consultant
Michael Charlton	ActewAGL, General Manager Networks
David Graham	ActewAGL, Director Regulatory Affairs and Pricing
Chris Bell	ActewAGL, Manager Regulatory Affairs
Macleay Connelly	ActewAGL, Manager Gas Networks
Mike Buckley	AER, NRN General Manager
Gwenda Gleeson	AER, NRN Director
Alexandra Curran	ActewAGL, Senior Regulatory Adviser
Chris Walker	ActewAGL – Commercial Manager Networks