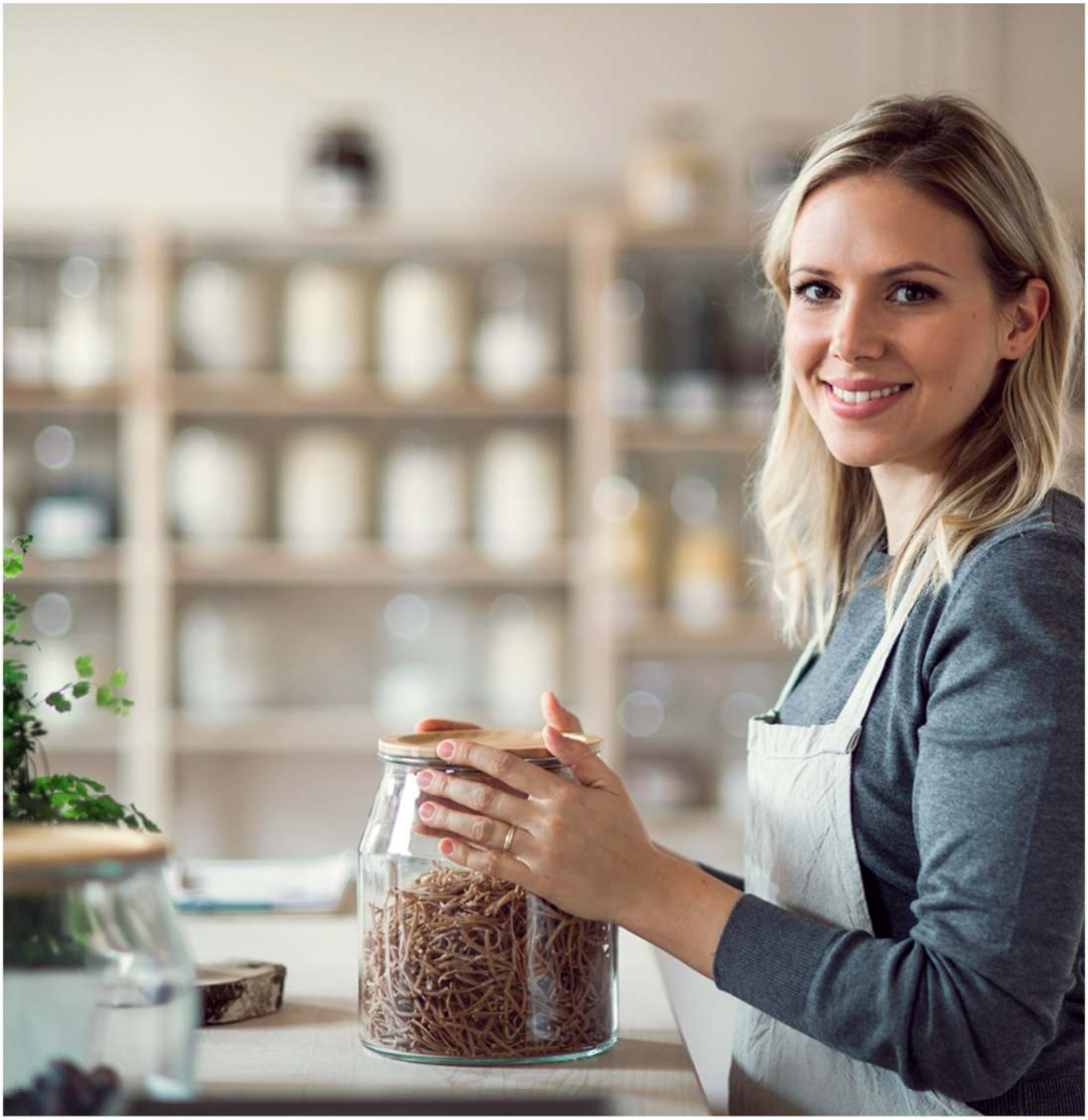

# Jemena Gas Networks (NSW) Ltd

## 2020-25 Access Arrangement Proposal

Attachment 9.2

Explanation of proposed revisions to 2015-20 RSA

Jemena
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# Abbreviations

| | |
|---|---|
| AEMO | Australian Energy Market Operator |
| AA | Access Arrangement |
| DSCC | Deemed Standard Connection Contract established under NECF |
| FRO | Financially Responsible Organisation |
| JGN | Jemena Gas Networks (NSW) Limited |
| MDQ | Maximum Daily Quantity |
| MHQ | Maximum Hourly Quantity |
| NECF | National Energy Customer Framework |
| NERR | National Energy Retail Rules |
| NGO | National Gas Objective |
| RMP | Retail Market Procedures (NSW and ACT) published by AEMO |
| RSA | Reference Service Agreement |
| UAG | Unaccounted for Gas |

# Overview

We provide our Reference Services to users on the terms of a Reference Service Agreement (**RSA**) which forms part of the approved Access Arrangement (**AA**). The existing RSA is part of the 2015-20 AA (**2015 RSA or current RSA**)[1]**.** This document explains the principal revisions we have made to the 2015 RSA in developing the RSA which will form part of the 2020-25 AA (**revised RSA**).

The document is structured as follows:

- This overview summarises our approach to revising the RSA and the application of the National Gas Objective (**NGO**) to our review
- Section 1 discusses what we heard from our users
- Section 2 sets out how we have simplified the current RSA
- Section 3 discusses changes we have made to clauses dealing with disconnection of delivery points
- Section 4 describes how we have revised the liability regime
- Section 5 describes new insurance requirements for both us and users
- Section 6 discusses other changes we have made
- Section 7 addresses other feedback we received from users.

## Focus of our review

The key focus of our review has been to simplify the RSA, while avoiding a wholesale rewrite which would have required the AER and users to review and assess a substantially new document. The key elements of our approach to simplifying the 2015 RSA are set out in section 2.

In addition to simplifying the RSA, the main changes we have made in the revised RSA are as follows:

- updating the provisions dealing with disconnections (see section 3)
- re-balancing the liability regime between us and users (see section 4)
- associated with the review of the liability regime, including insurance requirements for both JGN and users (see section 5).

## Principles relevant to our review of the RSA

In applying the NGO in assessments of earlier access arrangements, the AER emphasised the importance of achieving an appropriate allocation of risk between service providers, users and customers, and avoiding a prescriptive approach on commercial matters[2] .

In relation to this, the AER has recognised that risk should be borne by the party best able to manage it and that this promotes the NGO by "providing the opportunity to minimise the risk, which can lead to greater efficiency and lower prices"[3]. This is an important principle which we are seeking to reflect in the revised RSA.

1 The current version of the 2015 RSA is dated April 2019

2 See page 433 of the AER's Access Arrangement Draft Decision for Envestra (Victoria) 2013-2017, which is cross-referred to and affirmed in Part 2 of the AER's Final Decision (paragraph 13.2.3, page 362).

3 Ibid. This position is also reflected in Attachment 12 to the AER's Draft Decision on Ausnet Services – Access Arrangement 2018-2022 at paragraph 12.2 (effectively affirmed in the AER's Final Decision).

There are a number of specific commercial and operational circumstances which apply to our network and affect the allocation of risk between us and users. Specifically, our network has the following significant characteristics:

- there are almost 1.4 million customers connected to our network, and we deliver gas to these customers under RSAs with more than 20 users
- our network is regulated by the NSW State Government in relation to its technical and operational aspects as well as in relation to the quality and reliability of gas delivered to customers through it
- this State-based regulation places substantial regulatory responsibility on JGN as the distributor, but does not apply at the production level for the majority of the gas brought into our network because this gas is sourced from other States
- supply and transportation of gas from production fields to our network generally occurs through a chain of bi-lateral contractual arrangements between gas producers, wholesalers, pipeline operators, retailers and self-contracting users. As we are not a party to any of these arrangements, we need to rely on users to ensure that the gas they require us to deliver through our network meets the NSW quality regulations. This is different to the approach of managing the physical market in Victoria where the Australian Energy Market Operator (**AEMO)** assumes responsibilities for control of supply and demand, gas quality and other physical operations of the system.

## Notes

1. To assist in understanding the changes we are proposing, we have provided a marked-up version of the current RSA showing the changes we have made in the revised RSA. This is included as Attachment 9.4 to the AA proposal. That marked-up version does not show the following nomenclature changes:
   - "Service Provider" has been simplified to "JGN"
   - "Regulator" has been updated to AER
   - "Operational Schedules" has been corrected to "Operational Schedule".
2. Unless stated otherwise, references in this document to RSA clauses are references to the clause numbers in the revised RSA. Some clause numbers have changed from the current RSA and also from the early draft of the revised RSA we circulated in February (**February draft**).
3. In the revised RSA we have adopted the practice of putting "Not used" where a clause has been deleted. This maintains consistency of numbering between the current RSA and the revised RSA, and is intended to make it easier for readers to understand the changes we are proposing. We will update the numbering for the final RSA which will form part of the approved 2020-25 AA.
4. Where we have quoted provisions from the current RSA or the revised RSA, capitalised terms in the quoted provisions have the meaning given to them in the current RSA or revised RSA as applicable.

# 1. What we have heard during our consultation with users

## 1.1 Who we consulted with

The RSA applies between us and any third party (retailers and self-contracting users) who contract with us for the delivery of gas to their sites (**user**). As most of our customers are supplied with gas by a retailer, the RSA does not apply to them.

We provided the February draft to users, requesting their feedback on the proposed changes. Additionally, in our large customer forum in February 2019 we outlined the approach we were taking to reviewing the RSA and invited large customers to contact us if they wished to be provided with a copy of the February draft. No large customers responded to that invitation.

## 1.2 What we heard

Two retailers provided detailed comments on our February draft. Another retailer generally commented on several matters. We have discussed retailers' comments in individual sections of this document.

One self-contracting user advised that they were comfortable with the proposed changes.

In revising the RSA we have also had regard to comments made by several new users, which were made at the time of entering into their RSA.

# 2. Simplification

## 2.1 Approach to simplifying the RSA

As part of simplifying the RSA, we have:

- updated a number of definitions (see section 2.2)
- removed clauses and definitions that are no longer necessary (see section 2.3)
- relocated definitions that are only used once to the relevant clause (see section 2.4)
- relocated some clauses from the RSA to the AA (see section 2.5)
- removed or updated clauses that are covered by regulatory obligations (see section 2.6).

We have also removed or amended a number of other clauses as described in section 6 and section 7 – some of these revisions have been made to reduce the complexity of the RSA while others are in response to user feedback.

## 2.2 Updated definitions

### 2.2.1 Definition of Customer and End-Consumer

We have amended the definition of Customer in the RSA for clarity. We have also changed the term "End-Customer" to "End-Consumer" to reduce possible confusion between the terms.

The revised definition of Customer is designed to make it clear that for the purposes of the RSA a "Customer" is a gas/energy user with whom we have a direct delivery relationship, including metering their energy consumption.[4] This contrasts with an "End-Consumer" under the RSA, which is someone supplied with gas or energy downstream of the network delivery point by an intermediary – for example, an occupant in a residential complex supplied with heating/cooling from a cogeneration or trigeneration facility, or an occupant in a residential building where gas, energy or hot water is supplied by an embedded network provider.[5]

We have set out below the amended definition in the revised RSA and have included in brackets examples of the type of gas/energy user who is intended to be within the definition.

> ***"Customer** means:*
>
> *(a) a person who consumes the Gas delivered by the Service Provider at a Delivery Point or Energy produced from that Gas and whose Energy consumption is individually metered by the Service Provider to measure Gas withdrawn at the Delivery Point;* [for example, residential, commercial or industrial gas users consumers whose consumption is directly metered by us. This includes occupants in medium-density/high rise buildings with centralised hot water where we individually meter their consumption]
>
> *(b) a person who on-supplies to third parties the Gas delivered by the Service Provider at a Delivery Point or Energy produced from that Gas;* [for example, embedded network providers or the operators of cogeneration facilities or similar]
>
> (c) *the User, where the User consumes the Gas delivered by the Service Provider at a Delivery Point or Energy produced from that Gas.* [for example, a "self-contracting user" – a major gas consumer who contracts directly with JGN for delivery of gas to their site]

[4] This is different to how we refer to customers throughout the rest of the AA proposal where we refer to consumers as our customers, ie. including those customers with whom we have no direct relationship.

[5] See Section 4.3 of our 2020 Plan for more details on embedded network providers.

(d) *the User, where the User is not an Authorised Retailer or an Exempt Seller and on supplies to third parties the Gas delivered by JGN at a Delivery Point or Energy produced from that Gas*." [for example, an embedded network provider or the operator of cogeneration facilities who contract directly with us for delivery of gas to the site].

Because we have specifically dealt with the situation of when a user is within the definition of a Customer, we have deleted clause 1.6 of the current RSA.

### 2.2.2 Definition of "Delivery Point" in the RSA

Under the current and revised RSA, a "Delivery Point" is a point on the network where we deliver gas for a user under their RSA. This contrasts with the undefined term "delivery point" which is any point on our network where we deliver gas for any user.

The current RSA and revised RSA also refer to a "Customer List" – this is a list of all the Delivery Points covered by the user's RSA (**Customer List**).

When a user becomes the Financially Responsible Organisation (**FRO**) for a delivery point, the site becomes a Delivery Point under the user's RSA and is included on the Customer List. Our obligations to a user under their RSA, and their obligations to us, apply while the Delivery Point is on the Customer List.

In response to user feedback on the February draft, we revised the definition of Delivery Point to make it clearer, and also reviewed the use of the terms "Delivery Point" and "delivery point" throughout the RSA to ensure they were used correctly and consistently.

The Customer List under a RSA is not a specific document – this is a conceptual term used to refer to the information we hold relevant to all the Delivery Points under the individual user's RSA (for example, address, MIRN, tariff class etc). We were asked by a retailer during consultation whether the Customer List is published to any person and confirm it is not.

## 2.3 Clauses and definitions that have been deleted

We have deleted some definitions as they are no longer used in the RSA. These include:

- "Network Code" – the previous Network Code ceased to apply following the introduction of the National Energy Customer Framework (**NECF)** in 2016.
- "Queue" and "Queuing Policy" – these definitions and associated clauses are no longer relevant as the 2020-25 AA does not include a queuing policy.

## 2.4 Definitions relocated within the RSA

Where a defined term is only used in one clause, we have generally relocated the definition to that clause as follows:

- Change in Law – relocated to clause 25.2
- Director General – relocated to clause 10
- LG Period and LG Quantity – relocated to clause 9.5
- Local Area Retailer – relocated to clause 11.4
- Transportation Quantity – relocated to clause 3.4(b).

## 2.5 Clauses and definitions relocated to AA

### 2.5.1 Requirements for establishing new receipt points

We have relocated the requirements for establishing new receipt points from section 14 of the RSA to the Operational Schedule of the AA (Schedule 7). The reason for this is that these requirements need to apply to any person seeking to establish a new receipt point into our network, regardless of whether they have a RSA with us.

Additionally, we have relocated the requirements for new and existing receipt stations to the Operational Schedule of the AA as these requirements need to apply to new and existing receipt stations. If these clauses were retained in the RSA, they would also have needed to be replicated in the AA to ensure they applied to a person establishing a new receipt point who is not a party to a RSA with us.

Associated with these changes, the following definitions relating to these clauses have also been relocated to the AA:

- Filtration and Liquid Separation System
- Flow and Pressure Control System
- Gas Quality Measurement System
- Gas Quantity Measurement System.

### 2.5.2 Definitions relocated to the Access Arrangement

The current RSA includes a number of definitions that were also included in the 2015-20 AA. Additionally, the 2015-20 AA relies on some definitions in the current RSA. We have tried to locate definitions in the document in which they are most relevant and have therefore relocated the following definitions to the AA:

- Reference Service Agreement
- Wilton Network Section
- Wilton-Newcastle Network Section
- Wilton Wollongong.

## 2.6 Clauses covered by regulatory obligations

We have revised or deleted several clauses in the current RSA which repeated or paraphrased regulatory obligations applying to us or users. We have done this to avoid inconsistency between the RSA and the regulatory regime in relation to our and users' rights and obligations. We have:

- deleted clause 17.2 which sets out a regime for users to notify us if they believe meter data was incorrect and for us to investigate the matter, as section 3.7 of the Retail Market Procedures (**RMP**) contains a mechanism for retailers to ask us to verify information
- updated clauses 17.4(d) and (e) to reflect that the requirement in RMP sections 3.1.1.(d) and 3.1.5 is for a network operator to use reasonable endeavours to read meters within the specified timeframe
- removed the requirement in clause 23.2(c)(i) to provide 4 business days' notice of a scheduled interruption as Rule 90(1B) of the National Energy Retail Rules (**NERR**) imposes a regulatory requirement for providing notice of scheduled interruptions
- removed the requirement in clause 23.3(b) to provide a telephone information service in the event of an emergency as NERR Rule 91 imposes a regulatory requirement for notification in such events.

# 3. Disconnection and suspension of delivery points

## 3.1 Disconnection of delivery points

As part of the update to Ancillary Charges in the AA we have simplified our offering in relation to disconnection of **Volume Customers**[6], and provided flexibility in relation to disconnection of **Demand Customers**[7]. These changes are described in Attachment 4.1 Section 3.2.1 and we have revised the RSA to reflect these changes.

There are four aspects to these revisions:

- changes to clause 12 dealing with when a disconnected delivery point is deleted from the Customer List (so the user is no longer liable for ongoing network charges) (see sections 3.2 below)
- responding to situations where we cannot disconnect (see sections 3.3 and 3.4 below)
- changes to clause 15.9 in relation to the process for requesting disconnections for Demand Customer delivery points (see section 3.5 below)
- clarification of the pre-requisites for disconnection requests (see section 3.6 below).

In addition to implementing the update to the offering, we have also sought to improve the drafting of clauses 12 and 15.9.

In section 3.7 we discuss a change to clause 22.1 dealing with the suspension of delivery of gas to a delivery point, arising from the changes to the process for Demand Customer delivery point disconnections.

## 3.2 When disconnected delivery points are deleted from the Customer List (clause 12)

### 3.2.1 Current RSA

The current RSA provides that **Small Customer**[8] (also referred to as a **Small Volume Customer**) delivery points will be deleted from the Customer List from a date agreed between the user and us (clause 12(a)). Following deletion, the user ceases to be liable for network charges for the delivery point.

For system purposes it is impractical to have different timeframes applying for deletion of Small Volume Customer delivery points and **Large Volume Customer**[9] delivery points, or for different timeframes to apply to different retailers. To date there has been no industry agreement on the applicable timeframe. We are voluntarily proposing to implement a change to our systems during 2019-20 so that all Volume Customer delivery points which are disconnected will be removed from the Customer List 20 Business Days from the date of disconnection.[10] This change will require agreement from all retailers under the 2015 RSA and we expect that agreement will be given.

We are proposing that the delivery points remain on the Customer List for 20 Business Days in recognition that many disconnected customers are reconnected within that timeframe.

6 A Volume Customer is a customer consuming less than 10TJ of gas per year

7 A Demand Customer is a customer consuming more than 10TJ of gas per year

8 A Small Customer as defined in NECF – a customer consuming less than 1 TJ of gas per year

9 A Large Volume Customer is a customer consuming 1-10TJ of gas per year

10 Delivery points which have previously been disconnected will also be removed from the Customer List from the date of implementation of this change.

### 3.2.2 Proposed changes to the RSA

For the revised RSA, we have amended clause 12(a) so that Volume Customer delivery points will be automatically deleted from the user's Customer List with effect from 20 Business Days after the date of disconnection. This is consistent with the change discussed in section 3.2.1 above.

For Demand Customer delivery points, we have revised clause 12(b) so that a delivery point will be automatically deleted from the user's Customer List with effect from the date of disconnection unless a different arrangement is agreed under RSA clause 15.9 at the time of disconnection (discussed in section 3.5.1 below).

### 3.2.3 User feedback

Retailers have said to us, including during consultation on the February draft, that they should not have to pay network charges for delivery points which have been disconnected. We believe the changes to clause 12 are consistent with this feedback.

In response to a query from a retailer in relation to the February draft, we have new clause 12(d)(iii) to clarify that the user will not be liable for network charges after a delivery point is deleted from the Customer List.

During consultation on our 2015-20 AA, concerns were raised by a retailer that removal of a disconnected delivery point from the Customer List under a retailer's RSA would mean that the user ceased to be the FRO for the delivery point in the market. Similarly, in providing feedback on the February draft, one retailer expressed concern that deletion of a delivery point from the Customer List meant that the site was likely to become unclaimed, and would then be allocated to the Local Area Retailer under the NERL. We do not believe this to be the case – whether a delivery point is on the Customer List under a retailer's RSA is a contractual matter between us and the retailer and does not affect the operation of the market.

## 3.3 If we are unable to disconnect – new clause 15.9(c)

### 3.3.1 When we are unable to disconnect

Like all gas distribution network operators, we are frequently dependent on customers co-operating to give us access to their premises and measuring equipment to enable us to meet our obligations, including our obligation to disconnect a delivery point on request of a user.

There are a number of reasons why we may not be able to disconnect a delivery point, including

- actions by the customer (eg. installation of locked gates, installing a cage or other enclosure over the meter)
- actions by a third party (eg. a property developer installing a security system which prevents access to meters in common property)
- customer details not being provided by the retailer
- customer refusing to provide access
- customer threats
- refusal of access by a third party, such as a building manager
- inaccurate address details, including where addresses are not updated when sites are redeveloped or where street numbers are updated (eg. from lot number to street number)
- presence of animals.

There are also many meters installed internally in premises. While these meters were installed in accordance with the building design code applying at the time of installation, we are conscious that this has created legacy issues for us and retailers. To limit the extent of the issue with newer buildings, we revised our network requirements in 2014 requiring meters to be in common areas[11], and we are also "grand-fathering" our centralised hot water meter service which is a considerable component of the legacy delivery points which we are not able to disconnect.

### 3.3.2 Proposed new clause 15.9(c)

We have included a new clause 15.9(c) to make it clear that we will not be in breach of a contractual obligation under the RSA to disconnect or abolish a delivery point where we are unable to obtain safe access to the metering equipment, including because the customer at the delivery point has failed to comply with their obligations to us under the Deemed Standard Connection Contract (**DSCC**). This contrasts with the current RSA which requires users to use reasonable endeavours to provide us with access to metering equipment and does not address the contractual consequences of the customer also failing to provide us with access.

### 3.3.3 What we heard about new clause 15.9(c)

In providing feedback on the February draft, two retailers expressed the view that the clause should be removed, stating:

- *"[retailer] finds this clause generally absolves JGN of any responsibility to complete disconnections and is unacceptable"*
- *"in most instances, JGN is unable to obtain access to the delivery station due to deficiencies in JGN's own processes and assets. JGN should not shift all responsibility and liability to the user in these instances"*.

We do not agree that the clause "absolves" us of responsibility, or that it "shifts" all responsibility and liability to the user. The new clause simply provides a specific carve-out from our obligation to disconnect a delivery point – being where we are unable to obtain safe access to the metering equipment. Other than in this situation, we are obliged to disconnect. New clause 15.9(c) also does not reduce our obligation under clause 16.6 to co-operate with the user to obtain access to a delivery point, or reduce our incentive to disconnect premises when we can in order to ensure that customers do not consume gas without paying for it.

Under the current RSA, if we are not able to obtain access to the measuring equipment there may be a dispute about the extent to which our inability to disconnect a delivery point arises from the user's failure to comply with its obligations under the RSA to use reasonable endeavours to provide us with access to the measuring equipment, or to provide the information required under clause 15.9(b) of the RSA. As part of simplifying the RSA, we believe it is clearer to specifically address the consequences of us not being able to obtain access.

Many of our and the user's obligations in the RSA are "reasonable endeavours" or "best endeavours" obligations. However, clause 15.9(a) of the current RSA is expressed as an absolute obligation and does not recognise that there are a number of circumstances in which it is impossible for us to comply with the obligation. The alternative formulation would have been to amend clause 15.9(a) to provide that we are obliged to use reasonable endeavours to disconnect a delivery point when requested to do so by a user. We elected to maintain the original drafting as an absolute obligation with an express carve-out, as we believe this provides greater clarity as to the limited circumstances in which we will not be in breach of the RSA if we are unable to disconnect.

[11] Note: this often still requires the co-operation of the building manager, depending on the configuration of the building and its security system.

## 3.4 If we are unable to disconnect – user responsibility for network tariffs

### 3.4.1 Current RSA

Under the current RSA, a delivery point will remain on the user's Customer List if a retailer requests us to disconnect a delivery point and we are unable to do so. We did not propose any changes to this in our February draft or in the revised RSA.

### 3.4.2 User feedback

Two retailers proposed that network charges should cease if we are unable to disconnect, as follows:

- *"[a delivery point should be deleted from the Customer List] if best endeavours have been made by a retailer to disconnect or transfer a customer and this is not done due to JGN's inability to do so"*
- *"clause 15.9 ought to make clear that when Jemena is unable to locate the meter and the customer is a shared customer, that [sic] for the purposes of usage charges the site is considered to be disconnected (or words to that effect)."*

We have not included this proposal in our revised RSA for several reasons, including because of the impact on customers. Additionally, the RSA reflects the current regulatory environment – the change proposed by the retailers is not simply a matter of revising drafting in the RSA and would need to be supported by market changes.[12]

#### Impact on customers

Deletion of a delivery point from a retailer's Customer List means that the retailer ceases to be liable for network tariffs even though we will be continuing to deliver gas to the delivery point. For network customers:

- if network tariffs ceased to apply to these "deemed" disconnected sites, then the demand forecasts underpinning our network tariffs would need to reflect lower customer numbers and volumes. This would result in higher network tariffs because there would be fewer customers over whom to spread our largely fixed costs
- customers who pay their accounts will continue to bear the costs of non-paying customers, either through higher-than-otherwise network tariffs or through retail charges which recover retailers' bad debts.

#### Market and system considerations

If we have been unable to disconnect a delivery point it will remain active in the market – while as between us and the retailer network tariffs may no longer apply, we would still be obliged to continue to read the meter and publish consumption data to the market, and the retailer would remain the FRO and would be responsible for consumption at the delivery point.

Changes to market-wide processes and systems may be needed to support cessation of network charges for "deemed" disconnected delivery points, possibly including changes to the RMP and underlying build-packs. For example:

- the RMP currently provide for a delivery point to be "commissioned", "de-commissioned" or "de-energised", and do not contemplate a delivery point which is active in the market but is treated as disconnected as between us and a retailer
- a new market transaction would be required so that if the cause for disconnection was remedied (eg. debt paid, new customer account established at delivery point), the retailer would notify us so that the delivery point would be reinstated on the Customer List and network charges resume from the relevant date

[12] If the regulatory framework environment changes to establish different rules in relation to delivery points where we are unable to disconnect, we would submit RSA revisions to the AER for approval.

- the process would need to apply equally to water meters and gas meters

In developing the processes, consideration would have to be given to whether different "rules" should apply in different scenarios – for example:

- would different arrangements apply where there is a known customer at the site (meaning the retailer could pursue that customer for debt) compared to sites where the customer's identity is unknown (where it will be difficult or impossible for the retailer to pursue the customer for debt)?
- would different arrangements apply depending on the reason for no-access – for example, would there be a difference where the meter was installed by us in an inaccessible location (including internally located meters) compared to the situation where the customer has done something that prevents our access (such as installing a locked gate)?
- would different arrangements apply if the meter is inaccessible compared to sites where the meter is accessible but the customer insists we cannot come on to their property or threatens our technicians?
- if the customer churned to a new retailer, would the new retailer also not be liable for network charges, even though the new retailer will have incurred no debt or taken steps to disconnect the delivery point for some period after the date of churn?

We are working with several retailers to identify options to address many of the issues which prevent us from disconnecting a delivery point on retailer's request (whether or not the customer has been identified). We believe that a whole of industry approach is required to try and address the underlying cultural issue of some customers electing not to pay their bills or failing to comply with their NECF obligation to establish a retail account on moving into premises, compounded by the significant increase in high density living in NSW.

## 3.5 Disconnection request process for Demand Customer delivery points (clause 15.9)

### 3.5.1 Disconnection request process under the current RSA

Under clause 15.9 of the current RSA we must disconnect or abolish a delivery point at the request of the user:

- unless we reasonably consider that relevant regulatory or contractual obligations have not been met
- provided the user has complied with its obligations under relevant laws, provided us with sufficient information and paid the applicable ancillary charge.

Clause 15.9(e) also provides that if our costs of disconnection or abolishment of a Demand Customer delivery point exceed the applicable ancillary charge in the AA, the user is liable for those additional costs. This means that at the time of requesting us to disconnect or abolish a Demand Customer delivery point, the user does not know the final amount which they will be charged.

### 3.5.2 Changes to the disconnection request process for Demand Customer delivery points

Clause 15.9 of the current RSA continues to apply to Volume Customer delivery points under the revised RSA.

To reflect the changes to Ancillary Charges for Demand Customer delivery points discussed in section 3.2 above, we have amended clause 15.9(b) to provide as follows:

- we must provide the user with an offer to disconnect or abolish the delivery point (including an estimate of costs and a timeframe) within 30 Business Days of the request
- if the user accepts the offer, we must disconnect or abolish the delivery point in accordance with the offer.

Associated with this change, we have also amended clause 15.9(b) to remove the reference to the user being liable to pay the amount by which our costs of disconnecting or abolishing the delivery point exceeds the ancillary charge under the AA.

For disconnections, these amendments provide a mechanism for us and the user to agree the arrangements to apply for disconnection and reconnection of a particular delivery point. There will typically be two alternatives to be discussed with the user to enable us to develop an offer:

- the delivery point could be removed from the Customer List from the date of disconnection. This would mean that all obligations under the RSA in relation to that delivery point would cease from that date, including the user's liability for network charges, our obligations in relation to metering equipment, and our obligations to deliver gas to the Maximum Daily Quantity (**MDQ**) and Maximum Hourly Quantity (**MHQ**) applicable at the date of disconnection. Reconnection of the delivery point would then require a new request for service under the AA and a new connection offer. This is the standard "Disconnection" for **Large Customers**[13] (including Demand Customers) under the 2015-20 AA and RSA
- the delivery point could remain on the Customer List after disconnection. This would mean that all obligations under the RSA in relation to that delivery point would continue to apply, including the user's liability for network charges, our obligations to maintain metering equipment, and our obligations to deliver gas to the MDQ and MHQ quantities applicable at the date of disconnection. Reconnection would be quicker and less costly because reconnection would not require a new request for service or new connection. This is similar to the "Temporary Disconnection" for Large Customers (including Demand Customers) under the 2015-20 AA and RSA.

It was not clear from the 2015-20 AA and the 2015 RSA how users are to elect between "Disconnection" and "Temporary Disconnection" when requesting disconnection of a Demand Customer delivery point, and we believe this amended clause provides clarity around the issue. Additionally, because the charge for the work will be included in the offer, the user will know the charge prior to requesting us to perform the work.

For abolishments, the delivery point would be automatically removed from the Customer List following abolishment of the delivery point, as currently occurs under the RSA. However, this new mechanism means that the user will have certainty regarding the charge for the abolishment prior to requesting us to perform the work.

### 3.5.3 User feedback about changes to the disconnection request process for Demand Customer delivery points

We received feedback that the interaction between clause 12 and clause 15.9 was not clear, particularly in relation to Demand Customer delivery points. We revisited the drafting to improve clarity.

We were asked why were are proposing a 30 Business Day period for making an offer to disconnect or abolish a Demand Customer delivery point and one retailer submitted that a shorter timeframe should apply for disconnection. We consider that a 30 Business Day timeframe is appropriate as it will provide a reasonable timeframe for us to develop a firm charge for the costs that will be involved in disconnecting or abolishing the delivery point (given the nature of the connection and metering equipment at Demand Customer sites varies significantly).

Additionally:

- the 30 Business Day period is a maximum period – the offer must be made within that time
- this period provides an opportunity for us to discuss options with the user and develop an offer which we believe meets their requirements.

[13] As defined in NECF – customers consuming more than 1TJ of gas per year

One retailer proposed that if a Demand Customer delivery point is disconnected, then only a reconnect would be required (that is, no new Request for Service would be required) *"otherwise JGN is absorbing the MHQ/MDQ back into its queuing system and [retailer] could effectively lose the shipping rights for that site or have to pay for MDQ to be re-issued."* Similarly, another retailer asked why a new request for service may need to be requested if a delivery point has been disconnected. The response to this lies in the nature of the offer for disconnection under clause 15.9 accepted by the retailer:

- if the offer provides for deletion of the delivery point from the Customer List, there would no longer be any MDQ or MHQ quantity applicable to that delivery point. In this situation a new Request for Service would be required as the user would need to advise the required MDQ and MHQ from the time of reconnection and we would have to assess whether capacity was available
- if the retailer advised us that it wishes to ensure that MDQ and MHQ remain available for the delivery point, the offer we make under clause 15.9 would provide that the delivery point would remain on the Customer List, thus ensuring that the capacity remains available.

We were also asked to explain under what Laws or customer connection contract we could refuse to disconnect or abolish a delivery point (see clause 15.9(a) of the current and revised RSA). Clause 15.9(a) does not refer to law or contracts entitling us to refuse to disconnect – it is designed to ensure that we are not contractually obliged to disconnect or abolish a delivery point where we reasonably consider that regulatory pre-requisites (such as NERR Part 6) have not been complied with.

### 3.5.4 Reconnection charge payable for subsequent reconnection

We have amended clause 15.9 to make clear that a new connection will be required for any reconnection or re-establishment of a delivery point where the delivery point has been abolished. Additionally, for a disconnected Demand Customer delivery point, a new connection will be required unless the offer for disconnection accepted by the user provided otherwise (see section 3.5.2 above).

One retailer stated that they would expect the service to be split between de-energisation and re-energisation costs. No reason was given for this expectation. The proposed offer mechanism in clause 15.9 will provide an opportunity for us to discuss the options with the retailer, including understanding their preference for whether the disconnection charge should also include the costs of reconnection.

### 3.5.5 User representative to be present (clause 15.9(f)

We have included a new clause 15.9(f) providing that a representative of the user must be present when JGN disconnects or abolishes a Large Customer delivery point, if reasonably requested by JGN. This concept was previously included in clause 22.1 in relation to suspension of delivery to a Large Customer delivery point at the request of the user. With the deletion of clause 22.1, we have now reflected the requirement in clause 15.9.

Large Customer delivery points will involve business or industrial customers and disconnection/abolishment of the delivery point will result in interruption or shut-down of the customer's business. In this circumstance, it is appropriate that a representative of the user who has asked us to disconnect or abolish the site accompanies us to the site.[14]

We have taken on board feedback on our February draft and revised the clause so that it specifies that our request must be reasonable and that the clause only applies to Large Customer delivery points.

[14] We note that we would only expect to exercise this right where the customer denied our right to perform the work or threatened our technicians.

## 3.6 Pre-requisites to a disconnection request (clause 15.9)

### 3.6.1 Current RSA

Clause 15.9 of the current RSA provides as follows:

> *15.9(b) The User must:*
>
> *(i) prior to making a request [for disconnection] have complied with all obligations placed on the User under relevant Laws relating to arranging for the disconnection of the premises served by a Delivery Point or the decommission[ing of] a Delivery Point (as applicable);*
>
> *(ii) provide the Service Provider with sufficient information to enable the Service Provider to determine the appropriate method of disconnection or decommissioning, including the reasons for disconnection.*

### 3.6.2 Proposed changes to pre-requisites to disconnection request

We have amended clause 15.9(b)(ii) (now clause 15.9(e)(ii) in the revised RSA) to clarify that the user must also provide us with sufficient information to enable us to access the site and perform the work.

### 3.6.3 User feedback about the pre-requisites to a disconnection request

Two retailers commented on this proposed clause as follows:

- both retailers generally stated that their obligation should be limited to providing the reason for the disconnection, and that it is our obligation as network owner to determine the method of disconnection
- one retailer suggested that there should be a separate clause or exclusion for unknown customers
- one retailer commented that "*where the retailer has customer information, this is limited to the de-energisation reason, and limited customer information. JGN holds information about the site as the asset owner and also has responsibility to obtain the information.*"

We have maintained our proposed drafting as:

- it is appropriate that the RSA continues to recognise that we do not hold customer information and that in some circumstances we rely on customer contact information to be provided by the retailer for us to be able to perform the requested disconnection, including for high rise sites where the meter is located within the premises
- we do not have any rights or responsibility to obtain customer contact information (other than under the RSA for Demand Customers in relation to emergency load shedding).

## 3.7 Suspension of delivery of gas at delivery points (clause 22)

Clause 22.1 of the current RSA provides for suspension of gas delivery (or temporary disconnection) at the request of the user, other than for a Small Customer delivery point. The interaction between this clause and clause 15.9 was unclear and potentially inconsistent. As part of simplifying the RSA and also in light of the amendments to clause 15.9 we have deleted this clause.

Clause 22.2, which deals with our right to suspend delivery of gas to a delivery point is maintained. This is an essential contractual remedy for us relating directly to non-compliance with key RSA obligations and gas market compliance matters, enabling us to ensure we can meet our obligations to all users and to AEMO under the National Gas Rules.

# 4. Changes to liability and indemnity provisions

We have reviewed the liability and indemnity provisions in the current RSA, and have made a number of changes to simplify and clarify the clauses, as well as providing improved liability limitation protections for both users and us.

Overall, the position of users under the revised RSA is improved as the result of:

- a reduction in the number of indemnities given by users
- a new liability cap on user's liability
- an increase on scope of potential liability for JGN.

As part of this review, we have substituted the term "Loss" for "Damage" in the revised RSA. The definition of "Loss" covers a clearer and broader range of losses and damages than the definition of "Damage" in the current RSA. This is to the benefit of both parties.

## 4.1 Removal of various liability limitations and user indemnities

The current RSA contains a number of limitations on our liability and indemnities from users, spread through the document. These limitations and indemnities were as follows:

- clause 5.6(c) – JGN revocation of an authorised overrun
- clause 6.2 – unauthorised overruns
- clause 9.4 – anything relating to gas prior to its receipt by or after its delivery from the Network
- clause 10.1(d) & (e) – delivery of out-of-specification gas at a receipt point
- clause 10.3(c) – JGN giving directions for or ceasing to accept out-of-specification gas at a receipt point
- clause 14.9(b) – gas that doesn't meet pressure requirements being delivered to a receipt point
- clause 15.12 – disconnection of a delivery station
- clause 22.3 – suspension of delivery of gas at a delivery point
- clause 23.7 – load shedding, interruption, curtailment, reduction or cessation of gas deliveries.

As part of simplifying the RSA, we have removed these individual limitations and indemnities and consolidated them all in clauses 26 and 27. Additionally, we have reduced the number of indemnities for both us and users and have reduced the limitations of liability for both us and users.

## 4.2 Indemnities (new clause 26)

### 4.2.1 Mutual indemnity (new clause 26.2)

Under new clause 26.2 each party indemnifies the other for Loss in relation to:

- personal injury, death or property damage caused by negligence or wilful misconduct
- breach of the RSA

by the indemnifying party.

This mutual indemnity is to the same effect as the existing indemnity by us in the user's favour in clause 26.1(a) of the current RSA, except that:

- it now applies mutually (i.e. each party now gives the other this same indemnity) and
- the drafting has been simplified and clarified.

Our and user's potential liability under this indemnity is subject to the liability limitations described further below (see section 4.3).

### 4.2.2 User indemnity in our favour (new clause 26.3)

Under revised clause 26.3 the user indemnifies us for Loss in relation to:

- unauthorised overruns, or our revocation of an authorised overrun
- the user's delivery of gas at a receipt point which does not meet quality specification or pressure requirements
- acts or omissions of the user (or any Customer or End-Consumer) resulting in interruption of delivery of gas
- disconnection or abolishment of a delivery point at the request of the user.

This indemnity replaces and simplifies the numerous indemnities and the general "catch all" indemnity in clause 26.1(b) of the current RSA. This is a significantly improved indemnity provision for users compared with the current RSA.

These indemnities relate only to matters for which the user is directly responsible and/or over which JGN has no (or only limited) control, so the user is best placed to manage any risks. These indemnities reflect that we need to rely on users complying with their contractual obligations relating to the subject matter of these indemnities in circumstances where:

- users largely have no corresponding regulatory obligations or oversight
- users are now afforded better liability limitation protection in respect of these indemnities (see section 4.3.2 below)
- we are responsible for operating a complex distribution network with almost 1.4 million customer connections and must do so in accordance with a comprehensive set of regulatory requirements.

It is therefore both appropriate and reasonable that there is an indemnity in our favour in relation to the more important matters for which users are responsible and on which we are reliant to be able to discharge our regulatory obligations and ensure the downstream supply of our almost 1.4 million customers.

## 4.3 Liability limitations (new clause 27)

Liability limitation clauses 26.2 to 26.8 of the current RSA (except for clause 26.6)[15] have been moved into a new clause 27 to make them easier to follow as a set of stand-alone provisions.

Some of these relocated liability provisions remain unchanged while others have been replaced with clearer provisions affording improved liability protection for users. Each of these is explained further below.

### 4.3.1 Unchanged liability provisions (relocated 27.1, 27.6 & 27.7)

The drafting of the following relocated clauses remains as it is in the current RSA:

- clause 27.1: exclusion of warranties (existing clause 26.2)

[15] Clause 26.6 is no longer needed because it is covered within the reworked liability limitations in new clauses 27.2 to 27.4

- clause 27.6: Civil Liability Act (existing clause 26.2)
- clause 27.7: user's supply arrangements (existing clause 26.2).

### 4.3.2 New liability limitations and exclusions (new clauses 27.2 & 27.3)

New clause 27.2 replaces former clause 26.3 and 26.4, while new clause 27.3 contains the new definition of "Insured Sum" (used in new clause 27.2).

This new clause provides a clearer and improved set of liability limitation protections for both users and us. In summary, the new clause provides as follows:

- liability for consequential loss is generally excluded for both parties (see section 4.3.3 for further discussion)
- liability for any other loss arising from either party's acts, omissions or RSA breach is limited for each party as follows:
  - to amounts recoverable under that party's insurance policies
  - if the loss is not recoverable under the party's insurance policies then
    - for users and for us, to $5 million in the aggregate for all claims by the other party (or a related body corporate or associates) in a financial year or in respect of all events arising in a financial year
    - in our case, to $50 million in the aggregate for all claims by all persons in a financial year or in respect of all events arising in a financial year.

This is a significant improvement on existing RSA clauses 26.3 and 26.4 because:

- under the current RSA, in addition to having an exclusion of liability for consequential loss, our liability for all other loss is capped at the amount we actually recover under insurance. By contrast, under the revised RSA, our liability for all other loss will instead be capped at:
  - the amount recoverable (instead of actually recovered) for the loss under insurance
  - where it is not recoverable, the $5 million and $50 million monetary caps specified above.
- under the current RSA we, but not users, have the benefit of a liability cap. By contrast, under new clause 27.2, both parties will have the benefit of the new liability cap specified above (in addition to exclusions of consequential loss which continue under the revised RSA).

Because we are party to RSAs with numerous users, in the event of an incident or event affecting numerous users, our uninsured liability in a particular year could be well in excess of the $5 million applying between us and the user. This is because we could be liable for $5 million in that year to a number of users. In recognition of this, we have proposed an annual overall limit on our uninsured liability of $50 million.

These improved liability limitations and exclusions are still subject to a number of "carve outs" under new clause 27.4 discussed further below (see section 4.3.3).

### 4.3.3 Carve outs from liability limitations and exclusions (new clause 27.4)

We have included several "carve outs" from the liability limitations and exclusions in clause 27.4 of the revised RSA. These carve outs are substantially the same as those under existing RSA clause 26.5, however we have simplified and clarified the drafting.

The carve outs are balanced and reasonable and provide that:

- consistent with clause 26.5(a) of the current RSA, the limitations and exclusions don't apply to the user's liability for our loss resulting from the delivery of gas for the user into the network which does not meet the gas quality specification or pressure requirements under the RSA

- the user failing to have sufficient gas delivered to the network to meet its withdrawals on a day
- consistent with clause 26.5(b) of the current RSA, the exclusion of consequential loss doesn't apply to our liability for user loss of revenue where due to our negligence or wilful default we deliver gas to a delivery point which does not meet the specification, provided the gas met the specification when it was injected into our network.

The carve outs also provide that the limitations and exclusions do not apply to the user's liability for:

- charges and amounts payable under the RSA – the limitations and exclusions relate to liability for personal injury, death or property damage, or for breach of the RSA. They are not intended to affect the user's liability for charges under the RSA
- our loss resulting from the user failing to deliver sufficient gas into the network on a day to meet its withdrawals – this is the corollary of the position under clause 26.5(a) of the current RSA in relation to the user's failure to deliver gas into the network at the specified pressure. As part of simplifying and clarifying the drafting of the RSA, we have made this express.

In relation to the carve outs from the user's liability, we believe these are reasonable for the reasons set out in section 4.2.2 above, being that these are matters which are outside our control and where we are dependent on the user meeting these obligations in order for us to meet our regulatory obligations and our delivery obligations to other users.

### 4.3.4 Additional JGN liability limitation (clause 27.4)

In new clause 27.5 we are replacing nine specific liability limitations currently covered elsewhere in the RSA (see section 4.1 above) with four specific liability limitation protections as follows :

- unauthorised overruns (or revocation of an authorised overrun)
- disconnection, abolition or cessation of delivery of gas at a delivery station requested by the user or otherwise in accordance with law
- interruption of delivery of gas in accordance with the RSA
- anything arising with respect to gas prior to its receipt into the network or after its delivery at a delivery point.

This provides users with an improved position, compared to the more extensive liability limitation protections afforded to us under the existing RSA.

We believe that continuation of these four liability limitation protections are reasonable and justifiable, as they relate to matters over which JGN has no (or only limited) control and for which the user is best placed to manage any risks. This is particularly so, taking into account that:

- users now have the benefit of better liability limitation protection in respect of these matters (see section 4.3.2 above)
- we are responsible for operating a complex distribution network with over 1.4 million connections. We must prudently seek to limit our liability to the numerous users with whom we contract under our RSA and (through them) to their many customers, for matters over which we have no (or only limited) control and for which cost effective insurance is not necessarily available for the full extent of potential losses that could arise.

## 4.4 User feedback on the proposed liability revisions

The February draft provided:

- users' liability was limited to insurance proceeds or $50 million in respect of losses not covered by insurance (compared to $5 million in the revised RSA)

- our liability was limited to insurance proceeds (compared to the revised RSA under which we can be liable for up to $5 million per user for losses not covered by insurance, subject to an annual cap of $50 million for all claims from users and others).

Only one retailer provided feedback on the proposed liability revisions in the February draft. The other two retailers who provided comments on the document advised they would separately provide feedback on the liability provisions. We contacted those retailers seeking their feedback in May but did not receive any further comments.

The feedback we did receive and our response is as follows:

- the indemnity in new clause 26.2 was "*not agreed to*":
  - this indemnity is consistent with the indemnities in the current RSA and no explanation was provided to support the comment.
- clause 26.6(a): "*under no circumstances will [retailer] accept exposure to Consequential Loss*":
  - the current RSA exposes both users and us to consequential loss in specified circumstances and no explanation was given for the comment.
- clause 26.6(b): "*appears to limit liability to the amount of any insurance recoverables etc. This is acceptable*".
- clause 26.6(b)[16]: "*this clause is not acceptable*":
  - assuming this comment relates to clause 26.6(c) which limited user liability for losses not covered by insurance to $50 million, there is no explanation why the proposed cap was not acceptable when user's liability under the current RSA is uncapped. In any event, as indicated above, we are now reducing the user's cap to $5 million.
- clause 26.7(a)(ii)[17]: "*is not acceptable*":
  - this clause continues existing indemnities under the current RSA and no explanation was provided to support the comment
  - there is no recognition that the nine separate indemnities have now been reduced to four indemnities.

[16] The retailer feedback refers to clause 26.6(b) twice. We believe the second reference is intended to be to clause 26.6(c)

[17] The retailer feedback refers to clause 26.6(a)(ii). As there was no clause 26.6(a)(ii) in the February draft, we believe this is a reference to clause 26.7(a)(ii).

# 5. Insurance requirements (new clause 28)

The current RSA does not include any specific insurance requirements for either us or users.

As indicated above, the revised RSA provides both us and users with the benefit of mutual limitations on their liability. These include limitations on liability to each other for losses recoverable under policies of insurance, to the amounts so recoverable.

We have therefore included new obligations on each party to have in place and maintain relevant insurance policies. These are summarised below.

## 5.1 Insurance requirements for us

During the review process for the 2015 AA and RSA, some users made submissions to the AER that we should have a contractual obligation under the RSA to hold insurance, as our liability was limited to the amount recovered under our insurances. The AER accepted that this was unnecessary as we are obliged under our reticulator's authorisation to hold various insurances.

Nevertheless, we recognise that including a contractual obligation for us to insure may provide users with comfort that we will hold appropriate insurances supporting the limitation on our liability. In light of this, the revised RSA includes a new requirement for us to hold insurance, to make our obligations in relation to insurance more transparent to users.

Under new clause 28.1, we are required to obtain and maintain public liability insurance and any other necessary insurance to cover liability for personal injury, death or property damage for up to maximum amounts required under our gas pipeline licence and reticulator's authorisation or as otherwise reasonably determined by us.

We have also included an obligation on us to provide evidence of our insurances when reasonably requested to do so by a user.

## 5.2 Insurance requirements for users

We have included a new clause requiring users to hold insurance. The 2015 and earlier RSAs did not require users to hold insurance as their liability was not limited to either insurance proceeds or a monetary amount. In light of the changes to the liability regime discussed in section 4, we believe it is reasonable to require users to hold insurance supporting the limitation on their liability to amounts recoverable under insurance.

Under new clause 28.2, where the user is a retailer, the user must obtain and maintain public liability insurance and such other insurances in respect of any risks a person carrying on a business of retailing gas would prudently insure.

Where the user is not a retailer, the user must obtain and maintain public liability insurance and other insurances as reasonably specified by JGN.

The user is required to provide evidence of its insurances when reasonably requested to do so by us. The user must also notify us if they fail to obtain or maintain any requisite insurance, at which point we are is entitled to take out that insurance on the user's behalf at the user's cost.

## 5.3 User feedback on insurance requirements

No comment was made on this amendment in response to the February draft.

# 6. Other changes to the RSA

There are a number of other changes made to the RSA. Most of these are minor drafting or formatting changes or changes to clarify the intended meaning of existing provisions of the RSA.

Some changes JGN considers worth mentioning specifically (in addition to those already outlined above) are described further below.

## 6.1 Consolidation of clauses relating to metering

Under the current RSA there are a range of overlapping gas metering related provisions located in a number of different places in the RSA:

- determination of gas quantity delivered (clause 8)
- provision of basic metering equipment by us (clauses 15.4, 15.6 & 15.7)
- measuring equipment including access, safety and estimation (clause 16)
- meter reading and data (clause 17).

These provisions have been restructured and consolidated so that they are now all covered in just two clauses, as follows:

- measuring equipment (clause 16) now covers:
  - provision of basic metering equipment (i.e. current clauses 15.4, 15.6, 15.7 & 15.11)
  - measuring equipment access, safety and estimation (all of current clause 16, except for 16.7 which deals with gas quantity measurement and has therefore been moved to clause 17 – see below).
- meter reading, measurement and data (clause 17) now covers all meter reading, gas quantity measurement, estimation and metering data related provisions:
  - currently located in clause 17 of the existing RSA
  - relocated from current clauses 8 and 16.7 of the existing RSA.

## 6.2 Amendments to the RSA approved by AER (clause 1.2)

Under clause 1.2, if the AER or a court approves amendments to the RSA under the AA, those amendments apply to all users' RSAs effective 10 business days after we provide notice.

### 6.2.1 Amendment to clause 1.2

We have amended clause 1.2 as follows:

- we are required to provide notice of the amendment promptly after becoming aware of the amendment (previously, there was no obligation on us to do so)
- we must provide *at least* 10 business days' notice. This provides us with more flexibility in relation to the timing of issuing notices – under the current RSA, if an amendment is intended to take effect from a particular date (for example, 1 July), we must provide the notice no earlier and no later than 10 business days before the relevant date. By providing for a *minimum* 10 business day notice period, we will be able to provide longer notice of amendments to users.

These changes have been made in response to feedback from a new user who queried the operation of the clause at the time of entering into their RSA.

### 6.2.2 User feedback

No comment was made on this amendment in response to the February draft.

## 6.3 Deletion of clause 1.3 (change in law)

Clause 1.3 of the current RSA provides a mechanism for us or a user to seek to amend the terms and conditions of the RSA to accommodate a change in law. If the parties could not agree on the amendments, then the matter was to be resolved through the dispute resolution process under the RSA.

### 6.3.1 Proposed deletion of clause 1.3

We have deleted this clause because if a change of law is sufficiently material to require amendment to the terms of the RSA, the amendment should be addressed through seeking AER approval to vary the RSA under the AA variation regime. This has the benefit that:

- if considered appropriate, the AER can consult with all market participants
- if amendments are approved by the AER, those amendments will apply to all users from the same time, meaning that we will continue to provide services to all users on the same terms and conditions.

### 6.3.2 User feedback

No comment was made on this amendment in response to the February draft.

## 6.4 Gas day harmonisation (clause 1.7)

In 2019 the AER approved an amendment to the original 2015 RSA to include clause 1.7, dealing with the pending introduction of gas day harmonisation in October 2019.

By the time the revised RSA takes effect, gas day harmonisation will have been implemented. Accordingly, in the revised RSA we have:

- updated the relevant definitions (Day, Hour etc) to refer to 06:00am rather than 06:30am
- deleted clause 1.7 as it will no longer be relevant.

This change was not shown in the February draft as clause 1.7 had not been included in the RSA at that time.

## 6.5 Process for changes to MDQ, MHQ and Chargeable Demand (clause 4)

Clause 4 deals generally with setting and changes to MDQ, MHQ and Chargeable Demand (this is the quantity of gas used to determine demand-based charges for Demand Customers).

### 6.5.1 Changes to clause 4 - general

We have revised clause 4 to simplify the language, and also to provide greater clarity as to the procedure for changes to MDQ, MHQ and Chargeable Demand.

We have also removed references to the queuing policy under the AA as the 2020-25 AA does not include such a policy.

### 6.5.2 Changes to clause 4.7 – decreases in Chargeable Demand

As discussed in Attachment 4.1 section 4.3 we have relaxed the requirements in the current RSA for a user to request a decrease in chargeable demand. We have amended clause 4.7 to reflect this change by:

- simplifying the time conditions
- removing the materiality threshold that the reduction in demand must be more than 10%
- amending the requirement for a "permanent change" to be a "significant change".

We have maintained the requirement that a request for a decrease in chargeable demand can not be made less than 12 months after the date the chargeable demand was last reset.

### 6.5.3 User feedback

One retailer provided feedback as follows:

- the 12 month limitation should be removed as "*the demand reset date could be 12 months which would mean that it may never be possible to submit a reduction request*":
  - the principle underlying the determination of reference tariffs for Demand Customers is that Chargeable Demand can only increase, not decrease, during the Access Arrangement Period. Clause 4.7 is an exception to that principle, allowing a customer to decrease their Chargeable Demand to respond to significant changes in their energy requirements and we consider it is reasonable that the Chargeable Demand cannot be decreased within 12 months of its last reset
  - the 12 month limitation was accepted as reasonable in the previous AA and RSA.
- clause 4.7(f) *"seems to suggest that the user will bear the cost, this is a major change – is this retailer or customer?"*
  - clause 4.7(f) provides that the user will be responsible for the cost of any modification to measuring equipment required as the result of a reduction in MDQ or MHQ arising from a decrease in Chargeable Demand. This obligation already exists in the current RSA (clause 15.7). We have included clause 4.7(f) to ensure that users are aware of their potential liability for these costs at the time of requesting a decrease in Chargeable Demand
  - where the user is a retailer, the user would pay any cost to us. It is a matter for the retailer whether they recover the cost from their customer.

## 6.6 Overruns (clauses 5.4-5.6, clause 6)

Clauses 5.4-5.6 set out the process for users to request approval to withdraw a quantity of gas in excess of the MDQ or MHQ applicable to a delivery point. Clause 6 discusses the consequences of a user withdrawing gas in excess of the MDQ or MHQ without our prior approval, including our right to install flow control where there is unauthorised overrun at a delivery point.

### 6.6.1 Changes to clauses 5.4 (approval of overruns)

We have revised clause 5.4 to update the timing for users to request approval of an overrun and us to respond to a request. The changes are intended to provide a more realistic opportunity for us to consider a user's request, and for the user to respond if we advise that we can approve part, but not all, of the requested overrun quantity. In light of the very few requests for approval of overruns, we believe the changes are reasonable.

The current RSA would mean that a user may not have known until 6:00pm on the day before whether we could approve all or part of a requested overrun. Additionally, if we advised that we could only approve part of an overrun, we may not have received the user's response until 8:00pm.

We have also revised the drafting for clarity. As part of this review, we have included new clause 5.4(c) which is an exception to the general rule that references to time in the RSA are references to Eastern Standard Time. It is clearer for users and us to have that exception contained in the clause to which it relates, rather than in the general definitions section.

### 6.6.2 Change to clause 5.6 (revocation of approved overrun)

Clause 5.6 deals with the situation where we need to revoke approval which has been given for overruns to occur over a period of time. We have amended clause 5.6(b) to require the user to notify the customer if we revoke our approval.

### 6.6.3 User feedback

Only one retailer provided feedback on the clause as follows:

- the retailer advised that their trading team would review the clauses. We have not yet received their comments on the changes to clause 5.4.
- we were asked to amend clause 5.6 so that *"[JGN] should only use non-business hours response in emergency situations and all other events should be limited to business hours"*.
  - We have not made this change as the clause already limits our ability to revoke approval of an authorised overrun to the situation where we reasonably believe we do not have sufficient capacity in the network to transport the overrun quantity.
- *"there needs to be consideration of reasonableness and likelihood of another unauthorised overrun warranting flow control equipment to be installed"* under RSA clause 6.1(b)
  - in response to this feedback we have included a new clause 6.1(c) providing that we will only exercise our rights under clause 6.1(b) where we reasonably consider installation of flow control equipment is necessary for the safe, secure or efficient operation of the network.

## 6.7 Gas balancing if the STTM ceases to operates (clause 7.5)

Clause 7.5 of the current RSA and the Gas Balancing Annexure set out the balancing arrangements that would apply if the STTM ceased to operate or have legal effect.

### 6.7.1 Deletion of clause 7.5

We have deleted the clause and Annexure: if this eventuality does occur, it will follow extensive market consultation, including as to the alternative arrangements which are to apply. In this case, those changes would best be reflected through seeking AER approval to vary the terms of the RSA.

### 6.7.2 User feedback

No comment was made on this amendment in response to the February draft.

## 6.8 UAG changes (clause 9.5)

Clause 9.5 sets out our obligations in relation to management of Unaccounted for Gas (**UAG**), including our obligation to purchase UAG on a commercially competitive basis.

### 6.8.1 Amendment to clause 9.5

We have amended clause 9.5 and the definition of UAG to address the possibility that we may wish to use gas produced in our Western Sydney Green Gas Project (hydrogen trial) or similar projects as UAG. We have amended clause 9.5(g) to provide that if we procure such gas as UAG, the costs we can recover for UAG under the AA will not be any higher than they would have been if we had procured the gas from a third party.

We have also updated the drafting of clause 9.5 to make it clearer.

### 6.8.2 User feedback

In relation to clause 9.5, one retailer stated that as our STTM network includes the trunk pipelines "*this provides a greater volatility in linepack calculations, which has impacts on wholesale market deliveries and calculation of UAG, and hence the purchase of UAG. [Retailer] suggests that JGN should publish information on the operation or the network trunk, such as follows into and out of the trunk to explain linepack changes*".

We have not made this change as the RSA sets out the contractual relationship between us and users for the provision of reference services – it is not intended to address operational matters such as this. Additionally, this clause seeks to create an information regime which is parallel to that applying under the NGR, including the recent amendments to NGR Part 11 Division 2.

## 6.9 Gas quality (clause 10)

Clause 10 establishes the regime in relation to our and users' obligations in relation to gas quality specification.

### 6.9.1 Amendments to clause 10

We have made several amendments to clause 10 to simplify the drafting and also to provide greater clarity around the operation of the clause. Those amendments are as follows:

- we have amended clause 10.1(a) to clarify that users' obligations to ensure that gas delivered into the network on their behalf applies to gas they purchase through the STTM. This is consistent with the current RSA (for example, clause 10.4(e)(ii) provides that the user's proportion of out-of-specification gas will include amounts allocated to the user under the STTM. We have made this amendment in response to queries from several new users who are procuring their gas through the STTM and had asked us how the obligations in the RSA, including in relation to gas specification, applied to them.
- we have relocated clause 10.1(a)(iii) to new clause 10.8 (Exemptions to Specification) to more clearly address the consequence of the Director General issuing an exemption or direction to us under the *Gas Supply (Safety and Network Management) Regulation 2013 (NSW)* (**Gas Supply Regulation**). This makes it clear that such an exemption or direction applies to our obligation to deliver gas meeting the specification, and does not relieve users of their obligation to ensure that gas delivered into the network on their behalf complies with the specification.

### 6.9.2 User feedback

The retailers who responded to our February draft made the following comments in relation to clause 10:

- **Clause 10.1(a) (obligation to deliver gas meeting quality specification):** *"this clause has been amended to cover a user who purchases gas through the STTM. Any party who purchases from the STTM is purchasing via the market and has no direct relationship with the parties injecting the gas. Therefore how does JGN propose that the User manages gas quality via the wholesale market"*:
  - as discussed in section 6.9.1, the gas specification requirements under the current RSA apply to participants who purchase gas through the STTM. We have not changed this position.
  - as between us and users, users are best placed to manage this risk – we are obliged to deliver gas for any user who is party to a RSA, regardless of the source of that gas. In contrast, users can choose where and how to procure their gas. In this context, maintaining the existing risk allocation is reasonable.
- **Clause 10.1(b) (delivery of gas where exemption is issued)** : we were asked to clarify whether this clause protects us or users for liability as a result of out-of-specification gas being delivered.
  - we have revised the drafting to make it clear that we will not be in breach of our obligations to users if we deliver out-of-specification gas pursuant to a direction or exemption from the Director-General. The user who injected the out-of-specification into the network is not relieved of their potential liability in relation to that gas.

- **Clause 10.2 (notice of change of specification)**: we were asked to change this so that we were obliged to use best endeavours, rather than reasonable endeavours, to give prior notice of changes to specification:
  - we have not made this change as clause 10.2 is not a new clause – we have simply relocated clause 10.7 of the current RSA.
- **Clause 10.5 (user to provide evidence re gas quality measurement)**: we were asked to amend this clause to provide that any request for the user to provide the information specified in that clause must be *"reasonable"*:
  - we have not made the requested amendment because we have not made any changes to clause 10.5 in the current RSA, meaning that the revised RSA does not change the existing allocation of risk and obligations between us and users in relation to gas testing.
- **Clause 10.6 (user's preventative measures)**: we were asked to amend the clause to contemplate that users purchasing through the STTM have no control over what the shipper is delivering:
  - this is an existing clause under the current RSA and we have not made the requested amendment.
- **Clause 10.8 (exemption to specification)**: *"please provide more specific information about the exemption and context. This appears to relate to an expected government intervention regarding gas specification – is this related to Jemena's hydrogen trial?"*
  - clause 10.8 is a restructuring of concepts in the existing RSA, particularly clauses 10.1(a)(iii) and 10.1(b). It is not intended to affect our obligation to deliver gas meeting the specification if the Director General issued an exemption to permit us to inject hydrogen into the network.
- **Clauses 10.9, 10.10 and 10.11 (gas source and gas testing)**: two retailers commented in response to the February draft that it is not always possible for them to know the physical source of gas and the quality of gas delivered, and that these obligations cannot be met by a user purchasing gas from the STTM.
  - these are existing clauses under the current RSA and we have not made any amendments to the clauses or the underlying allocation of risk
  - the Gas Supply Regulation, including Regulation 26, impose obligations on us in relation to the testing of gas to be delivered through the network. As we are not party to agreements with producers, we rely on users to have arrangements in place to cause such testing to be done.

## 6.10 When new delivery points are added to the Customer List (clause 11.3)

Clause 11.3 deals with addition of new delivery points to the Customer List. We have re-ordered clauses 11.3(i) and (j) so that the common situation (where the delivery point is connected under a NGR Part 12A connection contract) is addressed first. We have made this change so that the clause is easier to understand.

## 6.11 Pressure at receipt points (clause 14.9)

The AA sets out the pressure specifications for the receipt points into the network. These were duplicated in Annexure 5 of the RSA.

### 6.11.1 Amendment to clause 14.9

We have amended clause 14.9 by removing the reference to Annexure 5, and providing that the pressure specifications are the specifications applying from time to time under the AA. This removes the risk of inconsistency between the AA and the RSA. Associated with this, we have deleted Annexure 5.

### 6.11.2 User feedback

No comment was made on this amendment in response to the February draft.

## 6.12 Attendance at site inductions (clause 16.6)

Clause 16.6 deals with our having access to delivery points, including to obtain access the measuring equipment. We have amended clause 16.6 to provide that we will participate in reasonable site inductions or safety training required by the user or customer at the delivery point, provided that the user reimburses our costs of such participation.

We have made this amendment in response to a number of commercial or retail sites where our technicians are required to participate in lengthy inductions or safety training every time they attend the site, and are being requested to comply with individual customer's building access requirements. In this situation, we consider it is reasonable that the user bears the cost of our participation in those activities which are in excess of our standard HSE and risk management processes. Where the user is a retailer, we would expect the retailer to pass the costs to its customer.

No comment was made on this amendment in response to the February draft.

## 6.13 Meter reading (clause 17.4)

Clause 17.4 deals with meter reading, including our obligations to:

- read meters at particular frequencies, depending on the annual consumption and the type of measuring equipment installed at a delivery point (clause 17.4(b) and (d))
- perform a special meter reading on request by a user (clause 17.4(f))
- advise users of the quantity of gas consumed at delivery points within specified timeframes (clause 17.4(g)).

### 6.13.1 Changes to clause 17.4

We have amended clauses 17.4(d) and (e) to provide that we are obliged to use reasonable endeavours to read meters at particular frequencies, compared to the current RSA which imposes a strict obligation. We have done this to align the RSA with the RMP (sections 3.1.1(d) and 3.1.5).

We have also amended clause 17.4(g) to clarify the drafting and to provide that the timeframes in that clause for publication of data to the market do not apply where the RMP specify more stringent timeframes.

### 6.13.2 User feedback

One retailer commented on clause 17.4 as follows:

- "[We] would prefer JGN use best endeavours rather than reasonable endeavours for reading meters."
  - we included the reference to reasonable endeavours in clauses 17.4(d) and (e) for consistency with the requirements under the RMP (see section 6.13.1 above).
- "Also, *'payment of ancillary charge' in 17(4)(f) (sic) will often happen after the event not prior"*
  - we have amended clause 17.4(f) to reflect this feedback.
- *"There is nothing in this clause about hot water meters which are still used to calculate gas usage"*
  - the clause relates generally to reading meters (clause 17.4(a)) and measuring equipment (clause 17.4(d), (e) and (f)): we believe this includes hot water meters.

## 6.14 Security required for non-retailer users (clause 30(b))

Clause 30 sets out the situation in which we can require a user to provide credit support for their obligations under their RSA.

### 6.14.1 Change to clause 30

Under clause 30(b) of the RSA, we have revised the amount of security that we can request from a user who is not an authorised retailer, from an amount equal to two consecutive billing periods to six consecutive billing periods. While this is a larger amount, it works to the user's benefit in that it enables us to allow the user more time to pay and greater payment flexibility for outstanding Charges as they should take longer to accrue to a level reaching the amount of security held by JGN.

In making this change, we have had regard to the following:

- the credit support regime under NGR Part 21 Division 4 (Rules 513-519) applies to authorised retailers, but not to self-contracting users and exempt retailers
- similarly, the retailer insolvency regime under the NGR (Rule 520) only provides us with a remedy in the event of insolvency of an authorised retailer – the regime does not apply where the user is an exempt seller or a self-contracting user
- we have removed network user failure as a cost pass-through event under section 3.4 of the 2020-25 AA.

### 6.14.2 User feedback

One retailer provided feedback as follows:

- *"This clause requires all Users to provide a financial security. There isn't a concept of not providing security if the retailer has an appropriate credit rating"*:
  - this comment misconceives the operation of clause 30 – clause 30(a) simply recognises that we may require a retailer to provide security in accordance with NGR Division 4 Part 21. The clause does not create a new obligation on retailers to provide security.
- *"JGN have increased the obligations for security averaged over 6 previous bills from 2 bills. This may or may not be beneficial"*:
  - as set out above, we believe the change is reasonable.

## 6.15 New arbitration provisions (clause 32.6)

The current dispute resolution provisions of the RSA do not explicitly refer to arbitration.

### 6.15.1 Proposed new clause 32.6

We have included a new clause 32.6 to clarify that we and users must participate in an arbitration before commencing court proceedings. In the event of a dispute, the process is:

- Discussion between senior representatives of the parties
- Mediation
- Arbitration
- Court proceedings.

### 6.15.2 User feedback

No comment was made on this amendment in response to the February draft.

## 6.16 Changes to annexures

### 6.16.1 Annexure 3 (balancing)

As discussed in section 6.7 we have deleted Annexure 3 (gas balancing if the STTM ceases to operate).

### 6.16.2 Annexure 4 (Receipt Stations)

We have relocated the requirements of Annexure 4 (Receipt Stations) to the Operational Schedule of the AA.

We have made this change so it is clear that these requirements apply to any party seeking to establish or use a receipt station, regardless of whether that party is a user under an RSA.

### 6.16.3 Annexure 5 (pressure at receipt points)

As discussed in section 6.11, we have deleted Annexure 5.

# 7. Other user feedback

In addition to providing feedback on the revisions which were proposed in the February draft, the retailers who responded to the draft also commented on a number of existing provisions. This section 7 describes that feedback and how we have reflected it in the revised RSA.

## 7.1 General

One retailer commented as follows:

- *"A lot of the RSA is predicated on the basis that JGN has no relationship with the customer. This is likely a legacy of the original pre-NECF period. [We] disagree with this approach where JGN is trying to use the retailer as the intermediary between itself and the customer on all occasions. The RSA needs to recognise that JGN has a relationship with the customer with many clauses amended accordingly. There is very little/no mention on the end-customer which is not acceptable. This means JGN takes no responsibility for anything at customer sites including communication."*

We are aware of the relationship created between us and customers under NECF, including the DSCC. The RSA is about the relationship between us and users and it is appropriate to recognise that where the user is a retailer, the user also has a direct relationship with the customer and will typically be best placed to contact the customer etc.

We also do not agree that under the RSA we "[try] to use the retailer as the intermediary between itself and the customer on all occasions". Instead, we have tried to recognise in the RSA the various circumstances where we rely on the user to take certain actions or provide information to enable us to perform our obligations.

## 7.2 Energisation under NERL (clause 11.4)

Clause 11.4 of the existing RSA provides a mechanism for adding Small Customer delivery points to a retailer's Customer List where the retailer is the financially responsible retailer for the customer. Where there is no financially responsible retailer, the delivery point is added to the Customer List under AGL's RSA because AGL is the Local Area Retailer under NECF for our network. This mechanism means that from the time gas consumption commences, the delivery point is covered by a retailer's RSA.

### 7.2.1 Feedback on clause 11.4(b)

AGL commented that this clause was unacceptable because it *"allows JGN to simply allocate unclaimed supply points which are withdrawing gas to AGL"* and that the clause needed to clarify an agreed process, share responsibility between us and AGL, and include an obligation on us to notify AGL in a timely manner.

We have not made this change because:

- the clause does not allow us to "simply allocate" delivery points to AGL – the clause reflects the regulatory regime, which is that AGL is the Local Area Retailer for our network.
- the RSA sets out the contractual relationship between us and all users and it is not appropriate that it deal with operational matters, including matters that apply only between us and one retailer.

### 7.2.2 Feedback on clause 11.4(c)

A retailer expressed concern that as the user is not entitled to service until the delivery point is added to the Customer List, this could *"delay the reconnection of disconnected customers because a transfer has to be completed before RML can be actioned*".

Clause 11.4(c) deals with the situation where gas consumption commences at a delivery point, implying that the delivery point must have been reconnected.

## 7.3 Change of receipt point (clause 13)

One retailer commented that clause 13 limits a user from changing delivery points without our agreement, and stated *"[we] cannot understand why JGN is able to reject for commercial reasons"*.

This clause has been in the current RSA and preceding agreements. It is reasonable that we are able to withhold consent to a requested transfer where that transfer would commercially disadvantage us.

## 7.4 Meter downgrade costs (clause 16.3)

One retailer commented that they would like *"further clarity on reasonable costs"* and *"will JGN ensure the remaining value of the replaced asset is used to offset the cost of any downgrade"*.

The clause provides that we can recover the "reasonable costs" of a downgrade of measuring equipment arising from changes in load or usage patterns by the user's customer at a delivery point. We do not believe that this requires clarification.

In terms of the "remaining value of the replaced asset", this would be addressed through the usual regulatory mechanisms for dealing with asset replacement and will not be allocated directly to the particular delivery point.

## 7.5 Access to measuring equipment (clause 16.4 – 16.7)

Clauses 16.4 – 16.6 deal with various matters relating to our access to measuring equipment at delivery points. Clause 16.7 deals with the consequences of us not being able to obtain safe access to a delivery point for the purposes in clause 16.6. Other than the change described in section 6.12 above, we have not proposed any amendment to the existing drafting of these clauses (other than relocating them from previous clause 15).

Retailers provided feedback in relation to these clauses as follows.

### 7.5.1 Clause 16.4 (Maintenance of Basic Metering Equipment)

This clause provides for us to carry out repairs of the basic metering equipment at delivery points, provided that the user procures the co-operation of the customer at the delivery point.

User feedback, and our response to the feedback, is as follows:

- *"Under NECF, JGN has an agreement with the end user and can therefore procure its own co-operation of the customer and does not require retailer co-operation. Users could assist when all reasonable endeavours have been made by JGN"*
- *"Clause 16.4(b) requires JGN to be able to secure access to the delivery station [to be able to repair metering equipment]. This obligation should not be solely the user's if JGN has issues with meter access"*

We recognise that under NECF we are party to the DSCC with the customer at a delivery point. The RSA is about the relationship between us and users, and where the user is a retailer it is appropriate to recognise that the retailer has a direct relationship with the customer (and typically holds customer identity and contact information) and that we and retailers need to work together on matters such as access.

### 7.5.2 Clause 16.5 (Safe Access to Measuring Equipment)

This clause requires the user to provide reasonable assistance so that we can obtain clear and safe access to delivery stations and the associated measuring equipment. If an area surrounding measuring equipment becomes unsuitable or unsafe, we may alter or relocate the measuring equipment at the user's cost. Except where immediate access is required for safety reasons or in an emergency, we must provide the user with notice and provide a reasonable period of time for the user to remedy the matters before we take action.

User feedback, and our response to the feedback, is as follows:

- *"What is considered reasonable assistance"*
  - it is not feasible to be prescriptive in the RSA as to what amounts to "reasonable assistance".
- *"Under NECF JGN has an agreement with the end user and can therefore manage safe access to their own equipment and assets. All the obligations should not be placed on the User"*
  - the clause requires the user to provide reasonable assistance. We do not agree that it places all the obligations on the user.

### 7.5.3 Clause 16.6 (Entry and access to delivery points)

This clause provides that we and users must co-operate, and the user must give all reasonable assistance to procure, that we can have access to a delivery point to obtain access to the measuring equipment, for any purpose associated with the RSA or for the purposes of exercising rights or obligations conferred on us by law.

User feedback, and our response to the feedback, is as follows:

- *"This clause requires the User to provide access to customers premises for any delivery point including small customers. This clause needs to be limited to specific situation (sic)"*
  - we have not amended the clause as it is already limited to the specific situations described in the clause.
- *"What is considered reasonable assistance"?*
  - it is not feasible to be prescriptive in the RSA as to what amounts to "reasonable assistance".
- *"Also, we consider it would be reasonable for one to expect prior notice to be given to the user."*
  - this clause covers our need to access the delivery point for a range of reasons, including meter reading, meter inspection and meter replacement. In a network of almost 1.4 million customers, it would be an enormous administrative burden on us and users if we have to provide notice every time we needed to attend customers' premises.

### 7.5.4 Clause 16.7 (Consequences of no access)

This clause provides that if we are unable to safely access a delivery point for any of the purposes of clause 16.6, we may:

- estimate gas consumption at the delivery point and invoice on that basis (clause 16.7(a))
- suspend deliveries of gas after providing the user with 6 business days' notice (clause 16.7(b))
- replicate the measuring equipment at an accessible location after giving 1 business days' notice (where access is required for safety issues) or 5 business days' notice.

User feedback, and our response to the feedback, is as follows:

- *"JGN should be dealing with the customer regarding meter relocation"*:
  - clause 16.7 deals with the situation where we have been unable to obtain safe access to the measuring equipment – presumably because the customer has refused to provide us with access. Requiring us to deal with the customer is not a solution.
  - the clause does not require the user to take any action to deal with the customer regarding the relocation of the meter.

- *"That JGN can give the user 1-5 b/day notice and relocate a meter and service at the user's cost is unacceptable"*:
  - where relocation is required for safety issues, we believe 1 business day is appropriate. No suggestion was made as to what longer period may be appropriate in other circumstances.
- *"We request that JGN includes a clause that notifies the retailer when they do so (ie. carry out one of the clauses under 16.7)"*:
  - notice is provided to users if we exercise our right under clause 16.7(a) to estimate consumption because that estimate will be published to the market. Otherwise, clauses 16.7(b) and (c) already require us to provide notice to the user.

## 7.6 Transfer and assignment of the RSA (clause 29.2)

The February draft did not propose any changes to the current RSA clause dealing with transfer and assignment of the RSA.

Both retailers who responded to the February draft stated that the clause was not balanced. We have revised the clause to reduce our discretion and provide users with more certainty regarding the requirements for our consent to be given to a transfer or assignment of the RSA.