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General Manager,  
Regulatory Affairs – Gas,  
Australian Consumer and Competition Commission  
(att: Alex Ralston)

**GasNet Access Arrangement Revision 2003-2007  
Pakenham Prudent Discount Procedure**

This submission discusses a proposed revision to the definition of the transmission tariff zone where a Retailer may claim a Matched Withdrawal Tariff associated with a matched injection at the Pakenham Injection Zone.

The original March 2002 GasNet Access Arrangement Submission proposed a discounted Matched Withdrawal tariff, for those withdrawals which could be matched to injections at Pakenham. The Matched Withdrawal tariff was available at three withdrawal off-takes at Dandenong. The rationale for the discount was that the three off-takes could readily be bypassed by a new pipeline between Pakenham and Dandenong.

A number of submissions to the Commission raised the general problem of the allocation of Retailer withdrawal volumes to specific off-takes. In response to this difficulty, GasNet worked with VENCORP to develop a list of post-codes associated with the GasNet tariff zones, which would assist VENCORP to allocate Tariff-V and Tariff D volumes for each Retailer to the GasNet transmission tariff zones. It then became apparent that it was impossible for VENCORP to allocate gas volumes for individual Retailer withdrawals at the three specific meters at Dandenong identified in the original GasNet Submission. For example, because of the configuration of the distribution network, it is physically possible for gas supplied at Dandenong to be taken through the distribution network to customers anywhere in the Metro zone east and south of the Yarra river (where the distribution systems are isolated). Hence the allocation method must consider the possibility that a Retailer may withdraw gas volumes anywhere in this area from gas sourced at Dandenong. Moreover, because the distribution charge is independent of distance, it is possible for a bypass pipeline to supply this whole area without financial penalty ie. there is no way to limit supplies from Pakenham through a bypass pipeline solely to the Dandenong area.

Hence in order to allow Retailers to claim the discount (matched to Pakenham injections) for gas volumes which could be supplied through the distribution network by a bypass pipeline from Pakenham to Dandenong, GasNet proposes to allow a Matched Withdrawal from any customer east and south of the Yarra. VENCORP has agreed to provide data which will identify the Retailer withdrawals within this zone, which can then be matched to injections at Pakenham.

Yours Sincerely,

David Whitelaw,  
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