

3 October 2022

Mr Arek Gulbenkoglul
General Manager, Network Expenditure
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Via email to VICGAAR2023@aer.gov.au

Dear Mr Gulbenkoglul,

Re: Victorian gas distribution access arrangement proposals 2023-28

Simply Energy welcomes the opportunity to provide feedback on the gas distribution access arrangement proposals for 2023-28 submitted by Australian Gas Networks (AGN), Multinet Gas (Multinet), and AusNet Services (AusNet).

Simply Energy is a leading energy retailer with approximately 700,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy.

Simply Energy has previously engaged with AGN, Multinet, and AusNet on the terms and conditions applicable to their 2023-28 access arrangement proposals. In particular, Simply Energy expressed its concern that each of the gas distribution businesses proposed to retain the same credit support provisions that applied during the 2018-22 access arrangements. These provisions are more onerous than the credit support requirements that apply in all other jurisdictions and, in our view, do not reflect the actual credit risk that most retailers place on AGN, Multinet, and AusNet. The costs of bank guarantees to satisfy any credit support requests are costly, and ultimately these costs would be passed through to Victorian gas customers.

As these provisions remain in the access arrangement proposals¹, we urge the Australian Energy Regulator (AER) to include in its draft decision that AGN, Multinet, and AusNet align their credit support provisions with the requirements in rule 514 of the National Gas Rules. Simply Energy would also support the AER making any subsequent amendments that may be necessary to mitigate any commercial risk to the networks in the event of a retailer failure, such as those set out in rule 520 of the National Gas Rules.

¹ AusNet 2022, Gas Access Arrangement Revision – Part C: Terms and Conditions, 1 July, clause 7.8
AGN 2022, Victorian and Albury Access Arrangement – Annexure F: General Terms and Conditions, clause 27
Multinet Gas 2022, Victorian and Albury Access Arrangement – Annexure F: General Terms and Conditions, clause 27

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au.

Yours sincerely

James Barton
General Manager, Regulation
Simply Energy