

6 October 2004

Mr Jim Cox
Acting Chairman
Independent Pricing and Regulatory Tribunal
Level 2, 44 Market Street
Sydney NSW 2000

Dear Sir

Supplementary Submission on AGLGN Access Arrangement for NSW Network

We refer to the joint submission dated 14 May 2004 prepared by EnergyAdvice on behalf of a group of ten companies, including:

ACI Glass Packaging	Austral Bricks	Boral Limited
Crane Group	CSR Limited	Hydro Aluminium
Pilkington Australia	Readymix Holdings	Weston Aluminium
Hunter Gas Pipeline		

Following release of the two consultants' reports prepared for IPART (by Energy Consulting Group and the Allen Consulting Group) and the subsequent Public Consultation Meeting held on 15 September 2004, EnergyAdvice would like to provide additional comments on a number of issues raised in our submission.

Proposed Trunk Zone Merger

We have noted the various submissions in relation to the proposed trunk zone merger, and in particular AGLGN's arguments that such a merger is necessary for trading purposes.

We reiterate our view that we believe the zone merger submission being presented by AGLGN is not appropriate. IPART should have regard to the fact that there have been a number of occasions where variation in receipt point has been allowed to enable AGL Wholesale to inject gas into the AGLGN network at Horsley Park rather than Wilton. These have included not only during the Moomba shutdown in January, but also when a short-term arrangement was put in place during shutdowns at Moomba on consecutive weekends during August 2004.

It is clearly simplistic and inappropriate to suggest a single zone is necessary to make flexibility in injection points workable. The Victorian gas system has a number of injection points which operate on a daily basis. These include Longford, Iona, Culcairn, Dandenong LNG, and shortly Pakenham. Retailers can inject on any day at any injection point, and corresponding charges apply at each point. AGLGN should be able to operate their system on an equivalent basis without the need for a merged trunk zone.

Access to Meter Data

Allen Consulting Group noted EnergyAdvice's comments re need for access to meter data, but stated "does not consider the proposed provisions are unreasonable", going on to say "Rather it is considered that a gas customer desiring access to metering information ensure access to this information under its contract with the User".

This is exactly the point we want to argue against. Meter data should be direct and timely – not via a third party – and if AGLGN can't or won't provide that data directly to customers, then introduce metering contestability. Customers are already paying meter data fees – but not getting access to their data.

EnergyAdvice works with major gas consumers on a day-to-day basis – perhaps Allen Consulting Group doesn't understand the implications of this issue.

Flexibility in Term of Service Agreements

Allen Consulting Group argues that the one year minimum term is reasonable because minimum terms are common practice, have the effect of allocating to the user the risk of changes in gas demand, shelters AGLGN re their rate of return, the minimum term is relatively short, and users have a number of means of limiting their exposure to risks of change in demand, including the ability to trade unused capacity.

Our response is by way of an example: If a plant shuts down anywhere in the AGLGN network – noting that the service is for a delivery point at that particular site – how can the User or the customer trade the unused capacity? There is no ability to trade Local Capacity Service where you cannot move capacity from one location to another – unless it is immediately upstream of the plant on the network (and the other upstream site is uncontracted). That is not possible. Furthermore, is Allen Consulting Group saying it is OK for a customer to have to wear up to one year's network charges – and these can run into hundreds of thousands of dollars – because minimum terms are common practice – when there is no ability to trade or offset such liability. AGLGN gets all the upside in demand – bur doesn't get all the downside.

The argument that minimum terms are common practice is incorrect. There is no such minimum period that applies in Victoria under either transmission or distribution networks. If a site closes and/or meter is removed, charges cease to apply.

We would be pleased to provide further comment or clarification as required.

Yours sincerely,

Phil Randall
Director