

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

Public Forum on AGL Gas Networks Access Arrangement
Tribunal Members

Dr Michael Keating AC - Chairman
Mr James Cox
Ms Cristina Cifuentes
Held at the Grace Hotel
York Street, Sydney, NSW 2000

On Wednesday, 23 March 2005, at 1.30pm .23/3/05 1 AGL GAS NETWORKS
Transcript produced by ComputerReporters

1 MR KEATING: Ladies and gentlemen, I would like to
2 proceed. First of all, I'd like to welcome you all here
3 for this round-table discussion. I am Michael Keating. I
4 am the chairman of IPART. Also here with me are the other
5 Tribunal members, Jim Cox on my left and
6 Cristina Cifuentes. There are a number of staff here. I
7 think Ruth Lavery may be known to many of you. She will
8 be playing an important part in today's discussion.

9
10 As most of you will be aware, or should be aware,
11 submissions to the Tribunal's draft decision were accepted
12 by the Tribunal up until the end of February, although I
13 note that we just received one today from the Energy Users
14 Association. Those that came in on time have been on the
15 Tribunal's web site since then, along with AGLGN's
16 response to the Tribunal's decision.

17
18 The purpose of today's meeting is to further our
19 understanding of the submissions and comments put forward
20 by various stakeholders in the written submissions, and to
21 allow an opportunity for all stakeholders to comment on the
22 issues, and that includes, of course, AGL itself.

23
24 Like all good things, this review has got to come to
25 an end. We do have a timetable and, according to this, it
26 will be the final opportunity for stakeholders to formally
27 present their views to the Tribunal and while the Tribunal
28 has not formed any views on the content of either AGLGN's
29 response or stakeholder submissions at this stage, in
30 fairness to the parties concerned, we need to get on and
31 register our response as quickly as possible.

32
33 For those of you who were present some weeks ago in
34 February, the presentation by AGLGN was given then, their
35 response to the Tribunal's draft decision. Today will be a
36 rather more interactive format - at least we hope there
37 will be opportunities for discussion, and so on. However,
38 we are going to start with brief presentations from the
39 stakeholders that have elected to make formal presentations
40 on their views, and they are here immediately on my left.
41 I will be calling on Phil Randall from Energy Advice,
42 Garbis Simonian from the Hunter Gas Pipeline and
43 George Leong from Orica, each of whom have elected to
44 make a short presentation of about 10 minutes. I will call
45 on you in a minute.

46
47 Following that, we'll commence what we are terming a

.23/3/05 2 AGL GAS NETWORKS
Transcript produced by ComputerReporters

1 round-table discussion, where we've identified a number of
2 issues that arose out of the various responses and
3 submissions, and which we think warrant some further
4 discussion.

5
6 In order to make sure that there's a fair process for
7 all of you who have attended to provide comments, I'd like
8 you to bear in mind the following points. The Tribunal's
9 secretariat, Ruth, will briefly introduce each of the
10 issues that we have identified. After the introduction in
11 each case, each person here at the round table will be
12 given the first chance to comment on the issue, but I'd ask
13 that you limit your comments to a maximum of two to three
14 minutes each, just so that everybody gets a turn.

15
16 Then I'll call for additional comments from people not
17 seated at the round table. You will get a chance at the
18 back of the room, if you want to comment. As you may have
19 observed, the meeting is being transcribed, so could
20 speakers please clearly identify themselves before they
21 speak, and speak as clearly as possible into the
22 microphones provided. That means that we do need to
23 pass the microphones to people so that they can do that. I
24 think that's enough from me to start off with. Over to
25 you, Phil.

26
27 MR RANDALL: I am Phil Randall from Energy Advice.

I'd
28 like to thank the Tribunal for the opportunity to identify
29 some outstanding issues that we believe still need to be
30 looked at, following the draft decision which was released
31 in December. The front page of my brief presentation
32 identifies five issues, which are: access to partial use
33 of the system, or delinking of trunk and local network
34 services - I will come to that in a moment; load shedding
35 priority, particularly for embedded network users, and I
36 know that Simonian will be addressing that issue but I
37 think it is very important that the Tribunal recognise that
38 there needs to be a separation of the issue of
39 interconnected networks and the services being provided via
40 an AGL network and under the access arrangement, so that
41 all users should be treated equally regardless of whether
42 their delivery point is at the end-user's site or into
43 another point, ie into an embedded network.

44
45 On metering contestability, in the last access arrangement
46 process, IPART required AGL networks to have a
47 complete separation of trunk and local network, metering

.23/3/05 3 AGL GAS NETWORKS
Transcript produced by ComputerReporters

1 services, et cetera, on the basis that metering
2 contestability could happen at some stage in the future. I
3 think you were promoting it could happen at some stage in
4 the future. We ask the question in our submission to IPART
5 to address the issue of metering contestability. My read of
6 the draft decision was that it was not addressed at all,
7 but, at the same time, metering equipment charges were
8 allowed to increase. Access to meter data is an issue I
9 will raise further on in the discussion. Then flexibility
10 in terms of the service agreement. We identified a number
11 of issues in our submission and there was no response from
12 IPART, or no discussion on the issues raised in the draft
13 decision, other than simply saying they think it is
14 reasonable. So we certainly would like IPART to address
15 the submissions raised in that submission, which was on
16 behalf of 10 major companies.

17
18 In the correspondence that went out to interested
19 parties from IPART in relation to this public forum, it was
20 clearly stated that whatever stakeholders wanted to put in
21 front of the Tribunal had to have regard to the national
22 code. So, with particular reference to the two issues that
23 I have identified I want to talk about today, I have
24 selected some key points out of the national code from
25 which we would very, very strongly argue supports the
26 cases for separation of trunk and local network, and also of
27 access to meter data.

28
29 Section 2.24 states that the regulator may approve an
30 access arrangement only if it is satisfied that all the
31 elements are satisfied in relation to the principles set
32 out in 3.1 to 3.20. Included there is the need to make
33 sure that the public interest in relation to competition is
34 enhanced and that the interest in users and prospective
35 users are clearly covered, as well as the legitimate
36 business interests of the service provider and other things
37 mentioned in 2.24.

38
39 In 3.2 - this is one argument that IPART has relied on
40 on a number of occasions - it says that any service has to
41 be sought by a significant part of the market. My
42 understanding is that I have never actually seen a
43 definition of what makes it a significant part of the
44 market. I raised the issue when I mentioned in our brief
45 submission to you in February that things like summer
46 tranches, short-term tranches, all those sorts of things,
47 are listed and made available in the access arrangement.

1 We have absolutely no problem with those things being
2 included in the access arrangement because they are
3 services which are warranted, but they are definitely not
4 used by a significant part of the market.

5
6 So in the questions that we ask in terms of our
7 issues, which are clearly required by an even greater
8 proportion than those using those other services, we need
9 to have regard to that. We think the access arrangement is
10 actually not a bad document, but it needs to cover all the
11 bits that have been missed out. I think that in all
12 communications that we have had with the Tribunal, in
13 particular Ruth, is to say that Energy Advice, working on
14 behalf of some of the major users, is looking to identify
15 the cracks, the things that don't work or aren't as
16 effective as they should be.

17
18 Most importantly, 3.2(b) states:

19
20 To the extent practical and reasonable, a
21 user or prospective user must be able to
22 obtain a service which includes only those
23 elements that the user or prospective user
24 wishes to be included in the service and a
25 separate tariff has to be supplied under
26 3.2(c).

27
28 Noting 3.2(b) and 3.2(a), I will now like to address the
29 issues that we would like to talk about here.

30
31 The other clauses I think are particularly important,
32 is where it is said that an access arrangement must include
33 a tariff for each service that is likely to be sought by a
34 significant part of the market. The terms must be
35 reasonable under 3.6. There is always going to be a
36 question about what's reasonable and what isn't.

37
38 In particular, in relation to definitions, I would
39 like to point out that a service means a service provided
40 by means of a covered pipeline, including, without
41 limitation, all these services, the right to connect to a
42 embedded pipeline but also services ancillary to the
43 provision of such services. My understanding or reading of
44 the access arrangement at the moment is that there are a
45 number of services provided that include all these
46 services - they included provision of equipment, they
47 include meter data.

1
2 On the issue of separation of trunk and local network,
3 I remain somewhat surprised by IPART's decision in the
4 access arrangement not to grant the requested position,
5 which was a separation of trunk and local network. The
6 argument that's been put forward is that they are not
7 persuaded by the interest of a few users in having access
8 to stand-alone services, or the business interest of AGL,
9 or the interests of other users. I'm a bit confounded by
10 that. The interest of a few users - there are probably
11 about 20 petajoules worth of the market that would be
12 interested in a stand-alone service, and in fact some
13 people already have it.
14
15 The access arrangement states that you can't have
16 trunk services without a local network unless you are in
17 Wollongong, where you can have one without a trunk. I
18 would like to know why there is a discrepancy in terms of
19 Wollongong. There's clearly separation in terms of a trunk
20 and local network in terms of what assets are put in place.
21 IPART, in the last access arrangement made it absolutely
22 clear that they wanted separation.
23
24 When AGL Networks responded, they said, "Yes, we made
25 a separation, but we think they should be linked." For
26 some reason IPART didn't follow through with its decision
27 and actually allow AGL to subtly change what was required
28 under the draft decision. We have identified here a number
29 of users who clearly would like separate services and have
30 a case for separate services.
31
32 In the case of Orica, Orica have previously stated in the
33 submission to the Tribunal, going back to 1999, that they
34 only have the trunk. Blue Scope and others in Wollongong
35 only have a local network. Hunter Gas Pipeline clearly
36 wants only trunk services, so does Hydro Aluminium
37 and Weston Aluminium. Then there are a number of
38 parties who may have particular circumstances, the
39 contents of which were covered in confidential submissions
40 to IPART. They include CSR, Austral Bricks and
41 Pilkington. So the Tribunal will be aware of the
42 circumstances surrounding those companies.
43
44 The question of whether there is an incentive for AGL
45 to develop and offer negotiated services for separate trunk
46 and local networks, I refer you back to those submissions
47 from CSR, Pilkington and Austral Bricks. There is no need

1 to assume that AGL will want to negotiate separate
2 services. There is no reason for it to actually be a
3 linked service.
4
5 So take the words out and say you need one or the
6 other and everything will flow automatically. By having a
7 linked service, inadvertently or advertently - I am sure it
8 is inadvertently - any threat of bypass is effectively
9 wiped, because all of a sudden nobody can bypass part of
10 the system that doesn't work any more. You have to take
11 the whole lot. If you want to change a tyre on your car,
12 you buy a whole wheel or purchase a whole car.
13
14 We would ask that this not be reviewed just simply as
15 a partial use of network services, which I think is the way
16 the Tribunal has responded to the submissions that have
17 been put on this, but simply say that the ability of users
18 to obtain only those elements of the service that they wish
19 to have, as mandated under the code, section 3.2, should be
20 taken into account.
21
22 On the issue of access to separate meter data - I'm
23 rushing a little bit because I'm conscious of the
24 time - under the 1999 and 2000 access arrangement process,
25 IPART required all metering to be separated, and meter data
26 services were and are provided as a separate service under
27 the access arrangement. I go back to the issue of the
28 services. The definition of services is you can contract
29 for any service you want, you don't need to buy the whole
30 lot. End users have the right to self contract for
31 capacity on the AGL Network, or can use an agent to do so,
32 ie a retailer. There are only a handful of major customers
33 who actually self contract. The rest, effectively, use an
34 agent - use an agent for specific purposes, here.
35
36 So as a self-contracting shipper, as long as you have
37 got the right software or whatever else is required, you
38 get the end data. The end-user gets its data. But using
39 an agent, IPART is essentially saying that the end-user
40 isn't entitled to it any more, it has to ask permission
41 from a retailer. Now, there's a flow of data that would go
42 on a daily basis from AGL Networks to every retailer and
43 every contracted user. It's not stretching it too far to
44 say that a service could be provided for end-users who
45 require the information, for whatever purpose, to be able
46 to get that data provided to them, on a daily or other
47 basis, or, alternatively, put in additional metering, have

1 realtime metering or some other flow of data, or access via
2 internet, whatever.
3
4 If the meter data service available is a separate
5 service, each end-user may need to enter into a direct
6 agreement for such service with AGL Networks. The
7 Tribunal's response, in its draft decision, was to say, "We
8 don't think we can contract or require AGL Gas Networks to
9 have to provide services to someone who it is not
10 contracted with." We would argue that, under the code,
11 there's no reason why the service couldn't be contracted
12 directly to an end-user, notwithstanding the fact that
13 other parts of the service are contracted via an agent.
14
15 The two issues that were responded to in terms of our
16 presentation, or our submission, was to say, number one, we
17 can't require AGL to have a contracted position with a
18 third party. I think we are addressing that by saying,
19 well, make the service so that we can do it. The other one
20 was to say not many people have raised the issue. This is
21 a fundamental issue for a lot of gas users and for a lot of
22 energy users full stop. A lot of energy users get data
23 from their electricity suppliers. The issue becomes one of
24 having rights to the data.
25
26 AGL Gas Networks is operating in an environment where
27 there is no meter data contestability, so they are the only
28 potential provider. In the case of electricity, if you
29 don't like one person, you go to somebody else. We are
30 relying on AGL. So we ask the question in response to the
31 Tribunal's point in its draft decision, and we've copied in
32 here what we sent out in an email to a number of major
33 users, and other industry players. This is only in the
34 last few days. We have responses from over 35 companies.
35 Every one of them has said yes. Not one company said no,
36 it is not a reasonable request. The above companies
37 represent over 30 petajoules in the market, something about
38 33, off the top of our head, which says 50 per cent of the
39 contract of the market in New South Wales, and other key
40 stakeholders including the likes of Energy Australia,
41 Origin Energy and TXU.
42
43 We are happy to provide confirmation of their support
44 on this issue, but I think we are basically saying this is
45 a service that should be provided and the response from the
46 Tribunal, we think, was inadequate in terms of addressing
47 the fact that these services can be sought under the code,

1 and they are definitely supported by a number of
2 stakeholders.
3
4 So the two key issues that we address today are in
5 terms of separation of trunk and local network, which we
6 believe was essentially requested by IPART last time round,
7 that position has now been softened and there is no reason
8 why it shouldn't be introduced, and access to meter data.
9 In both of those cases, we believe the code fully supports
10 the position we are putting forward, and also there is
11 significant support in terms of meeting the criteria of a
12 significant part of the market requiring those services.
13 That's my presentation, thank you.
14
15 MR SIMONIAN: My name is Garbis Simonian. I
16 represent the Hunter Gas Pipeline and I am also Managing
17 Director of Weston Aluminium, so I represent a customer. I
18 would like to thank the tribunal for giving me this
19 opportunity to speak today.
20
21 Firstly, the Hunter Gas Pipeline. This will be the
22 first embedded network on the AGL Gas Network. It will be
23 connected to the trunk at Seahampton in Newcastle, and it
24 will be a 36-kilometre pipeline going through the Hunter
25 Economic Zone, Kurri Kurri and on to Rutherford.
26
27 As to the project status, the pipeline permit is due
28 to be issued by DIPNR. The detailed design is close to
29 completion. We are preparing the reticulator's
30 authorisation application, and the interconnection with
31 AGLGN is in its early stages of discussion. It is going
32 very slowly, and that is not due to us at this stage.
33
34 We have a number of customers. These customers have
35 signed up. One of them is Hydro Aluminium and the
36 second one is Weston Aluminium. There are discussions
37 also ongoing with a number of companies that will be
38 moving into HEZ, and HEZ is a reality, 850 hectares of
39 heavy industrial land, and on Monday they announced the
40 first two companies moving in.
41
42 So this gas pipeline will go ahead; it is a reality.
43 It is going to be built. It will have full project
44 approval by mid-2005. Construction will be in the second
45 half of 2005 and our target first gas by the end of 2005.
46
47 It is not theory. It will happen. But under the

1 existing draft arrangements, it will be difficult. It will
2 be difficult because there are necessary hindrances or
3 barriers that we see that are there. I would call them
4 "areas of uncertainty and discrimination", and it is my
5 understanding that it is the job of IPART to remove these
6 barriers and to have the whole process being
7 non-discriminatory and transparent.
8
9 Today, because of the lack of time, I will comment on
10 two issues that we see as the most serious barriers in
11 constructing and operating this pipeline.
12
13 The two areas that we see as being the most major
14 problems are, firstly, the delinking of the trunk and local
15 network services. We believe that as the draft code stands
16 now, we will have serious problems and delays with our
17 customers in making this pipeline viable. Secondly, the
18 load shedding priorities as they stand now are
19 discriminatory.
20
21 What we want to ensure is that IPART understands and
22 differentiates between negotiations surrounding the
23 connection of an embedded network - that is, Hunter Gas
24 Pipeline's agreement with AGLGN - and the services
25 provided by AGLGN to customers, so in one case its
26 relationship with Hunter Gas Pipeline, and in the second
27 case Weston Aluminium. These are two separate issues,
28 and I think that at the moment bundling them together
29 really confuses and makes the whole process uncertain.
30
31 A fundamental principle of the national code is no
32 discrimination in AGLGN access arrangement terms and
33 conditions between a user with a delivery point at
34 Seahampton versus any other delivery point at the AGLGN
35 network.
36
37 So in regard to delinking of the trunk and the local
38 network, very simply, we want these separated and we want
39 it clearly set out that any customer can negotiate with
40 AGLGN directly and the embedded network can negotiate
41 with the AGLGN separately.
42
43 We made our position clear in our submission to IPART on
44 28 February 2005. We thought that this issue was settled.
45 Back in 1999, it was clear that IPART took this position.
46 Yet they came back, and I was absolutely shocked when I
47 saw the draft that came out, when it was all bundled

1 up again.
2
3 AGLGN's response as to why it should be bundled up is
4 that they do not believe there is any benefit to the users
5 in the separation of services between the trunk and local
6 network in the proposed access arrangements and they
7 believe that the better approach is to offer reference
8 services for the whole of the network in which reference
9 tariffs contain the trunk and local network components.
10 Well, we just don't agree with that. We just don't see the
11 benefit at all.
12
13 What we want is IPART to follow through with its
14 original 1999 decision and separate the two networks, and
15 this is clearly set out in the national code,
16 section 3.2(b). Any reasonable interpretation of the
17 national code would have to delink these two services.
18
19 Secondly, load shedding. At the moment, the position
20 is that we believe that the IPART draft ruling is
21 discriminatory in the treatment of end-users if the site is
22 at the end of an embedded network rather than a site
23 supplied by the AGLGN local network. The reason is that as
24 to the load shedding priorities, the AGLGN access
25 arrangement states:
26
27 Unless there is an agreement on load
28 shedding between AGLGN and the embedded
29 network operator, the embedded network
30 operator will be subject to load shedding
31 priority 2 as described in schedule 4.
32
33 The first priority for shedding are interruptible
34 customers, such as Shell and Caltex. Okay, that is fine.
35 But all the customers at the end of the embedded network
36 are No. 2. Therefore, a customer at the end of the
37 embedded network is much worse off than someone at the
38 end of the AGLGN network. Why should that be? Why?
39
40 Why should our customers be second-class citizens when
41 there is shedding to be done? What is the reasoning behind
42 it? We just don't see any reason to have this clause in.
43
44 We believe that IPART's draft decision should be fair
45 and treat everyone, be it our customers or be it Weston
46 Aluminium or Hydro, similar to any other customer. We
47 don't need to go and negotiate with AGLGN to exercise our

1 rights of equality. It should be there in the code.
2
3 That is all I want to say at this point on the two
4 issues. Thank you.
5
6 MR LEONG: My name is George Leong from Orica. I
7 would like to thank the tribunal for the opportunity of
8 putting Orica's point of view.
9
10 I have made a formal submission to IPART. I want to
11 comment on a couple of items included in my formal
12 submission.
13
14 Orica manufactures ammonium nitrate. We use natural
15 gas in our process and we don't use it as a fuel. We are
16 one of the largest customers in New South Wales.
17
18 In IPART's draft decision, section 4.4.3, there is a
19 new reference to this. A gas swap service has been
20 introduced. Orica strongly supports the introduction of
21 this new reference service. We believe that it is an
22 opportunity where we could, in the future, use it to trade
23 gas on a short-term basis.
24
25 But at the same time, we don't believe that a lot of
26 the users will use this service, because of the arrangement
27 where there isn't a centralised hub any more. AGLGN had a
28 submission to combine three of the existing zones in Sydney
29 into one zone and I believe that that has been rejected by
30 the tribunal.
31
32 Having said that, what Orica would like to see is some
33 sort of usable system installed, where even though we don't
34 have a centralised hub, we can swap gas at short notice on
35 a short-term basis. I believe that everyone in the
36 industry would find that useful.
37
38 I am not sure how we would go about doing this, and I
39 believe that there are impediments in terms of
40 notifications to the gas market company and various
41 transport arrangements that each shipper requires. An
42 existing shipping arrangement must be in place.
43
44 There are all sorts of impediments to the use of this
45 new reference service, and I would strongly ask IPART to
46 examine what other modifications are required to make the
47 system usable.

1
2 The second item I would like to comment on in IPART's
3 draft decision is section 7.6.3. Orica strongly supports
4 the tribunal's finding regarding the redundant capital
5 component for the Wilton-Wollongong pipeline. We really
6 believe that the application of the redundant capital
7 concept ensures that customers only support the capital
8 base which is appropriate to the operational needs of the
9 customer, so we are not supporting a bigger capital base.
10
11 In IPART's draft decision in section 9.4.3 regarding
12 market operation costs, IPART, or the tribunal, approved an
13 additional \$3.5m in real dollars per year for the so-called
14 market operation costs.
15
16 Orica objected to this in our original submission, but
17 the tribunal proceeded to endorse the inclusion of this.
18 At no stage did AGLGN prove to IPART or its consultant the
19 need for these costs. The consultant concluded in the end
20 that they believe this is a reasonable cost.
21
22 Orica's position on this is that the market operation
23 cost is part of the services that a network provider must
24 provide. It is also detailed in the gas market rules. So
25 we just want to reiterate that.
26
27 Our next item is section 9.4.7 about unaccounted-for
28 gas. Orica supports the tribunal's findings to reduce the
29 costs for UAG, and also Orica supports the reduction of UAG
30 levels from 2.2 per cent to 2.1 per cent from 2007 onwards.
31
32 The next item that Orica wants to comment on regarding
33 the draft decision is section 13.4.11, which is on
34 additional short-term capacity. Orica made a submission
35 wanting to change the wording to the standard conditions
36 regarding that. Orica's wording that we wanted to change
37 was to make it more usable for customers in terms of the
38 interpretation of what a "short-term additional capacity
39 component" is.
40
41 The tribunal came back and rejected our submission,
42 even though your consultant agreed with us. The tribunal
43 came back and said that the short-term capacity should be
44 only for exceptional circumstances beyond the user's or
45 customer's control.
46
47 Orica is requesting that the tribunal's words be

1 inserted into the conditions, and the words that we want
2 taken out are "equipment failure", "commissioning of
3 additional production following equipment failure" and
4 "events such as the refiring of furnaces after a rebuild or
5 a start-up".
6

7 We would also like the tribunal to investigate the
8 number of occurrences when AGL have approved requests for
9 additional short-term capacity in terms of the MDQ in the
10 last access arrangement. AGL's interpretation of the
11 actual code is so narrow that we don't believe that any
12 users, or very few users, have been able to make use of
13 that service. So it would be very, very interesting, from
14 my point of view, to see how much was sold under that
15 service.
16

17 Finally, I have just a couple of comments regarding
18 AGLGN's response to the draft decision, section 2.2.1,
19 redundancy of the Wilton-Wollongong pipeline security
20 supply.
21

22 Orica disputes the security of supply argument used by
23 AGLGN. The security of the supply function of the
24 Wilton-Wollongong pipeline can still be undertaken if the
25 pipeline has a reduced capacity of 20 per cent.
26 Inherently, every pipeline makes a contribution to the
27 security of the network, so we don't believe that reducing
28 the pipeline by 20 per cent reduces the security to the
29 system.
30

31 The second item I want to comment on about AGLGN's
32 response to the draft decision is the redundancy of the
33 Wilton-Wollongong pipeline, the balancing service.
34

35 Orica again disputes the balancing gas argument used
36 by AGLGN. The function of balancing gas is clearly
37 detailed in the access arrangements, and you can read that
38 in the access arrangements.
39

40 The function of the Wilton-Wollongong pipeline is no
41 different from any other pipeline in the AGL Gas Network
42 system. The function of the Wilton-Wollongong pipeline,
43 from a gas balancing point of view, should not change if
44 you reduce the capital base by 20 per cent.
45

46 AGLGN have also implied in their submission that the
47 MSP is paid additional tariffs to produce balancing service

1 to the network. This implication isn't true.
2

3 The MSP is only paid to transport gas to Wilton.

4 I will summarise how the balancing gas works, because the
5 way AGLGN put it forward was confusing to a lot of
6 people, I believe.
7

8 Balancing gas is injected at Wilton. It is owned by
9 the retailer, who has paid for the gas to be transported to
10 Wilton via the MSP. I am assuming that the balancing gas
11 comes from the MSP.
12

13 The balancing gas is purchased by AGLGN on days when
14 there is a shortfall of gas, when the actual draw was
15 greater than the nominations for the complete gas network
16 on a specific gas day.
17

18 For the gas days when there is a shortfall, AGLGN then
19 distributes the balancing gas to specific users who
20 withdraw greater than their nominations. The customers for
21 balancing gas can be in Newcastle or in Wollongong, and the
22 customer pays for balancing gas to be injected into the
23 AGLGN Gas Network only.
24

25 The customer has already paid for the transport
26 component within the gas network, because he has a
27 transport agreement, so I can't see how reducing the
28 capital base of the Wilton-Wollongong pipeline has any
29 effect on balancing gas.
30

31 The third item regarding AGLGN's response to the draft
32 decision is the pass-through of costs for the supposed mine
33 subsidence event on the Wilton-Newcastle gas pipeline.
34 Again, Orica strongly disagrees with the AGLGN proposal
35 for introduction of an amendment to the access
36 arrangement to allow for a cost pass-through event to
37 allow for mine subsidence.
38

39 Orica's objections are based on the following
40 arguments: at the public forum, AGLGN basically confirmed
41 that the mine subsidence event occurred only in a local
42 area around Wollongong, in the Appin area; therefore, only
43 a very small section of pipeline would be affected.
44

45 Additionally, if there is any mine subsidence damage to the
46 AGLGN pipeline, AGLGN should be able to recoup that
47 from the Mine Subsidence Board or from a third party, and

1 there are various legal means to do that. AGLGN also has
2 the possibility of recouping their costs from their
3 insurance companies.

4
5 If AGLGN cannot recoup their costs from those above
6 two avenues, we believe that it is not a true mine
7 subsidence event, and like any prudent operator, it should
8 be part of their planned maintenance. Therefore, there
9 should be no pass-through costs whatsoever.

10
11 Those are my comments. Thank you.

12
13 MS LAVERY: The first item that is set out for
14 discussion is the rate of return. In its draft decision,
15 the Tribunal rejected AGLGN's proposed 7.85 per cent. The
16 second item, then, is the issue of the redundant capital.
17 The Tribunal's draft decision required AGLGN to reduce the
18 value of its capital base on the Wilton to Wollongong
19 trunk pipeline for redundant capital equal to 10 per cent
20 of that pipeline, which is a \$2m reduction. It is based on
21 the application of the current mechanism which was put in
22 place in 2000.

23
24 It required amendments also to the wording of AGLGN's
25 proposed redundancy mechanism for the new access
26 arrangement. AGLGN has rejected the redundant capital for
27 that pipeline, based on arguments around security supply
28 and gas balancing functions, which Orica has already
29 referred to. We would like to hear what stakeholders'
30 views are on whether the pipeline should be made
31 redundant and, if so, what the impact of security of supply
32 and gas balancing is on that. George, you have covered
33 that. So do you want to start, Phil, perhaps?

34
35 MR RANDALL: I have no comment on that.

36
37 MR ROLLO: Joe Rollo, representing EUAA. The comment on
38 this redundancy item was that there was a general approval
39 of the methodology used by IPART in this analysis, but the
40 concept of gas balancing and security supply issues, I
41 think they are well exposed or expanded in this comment
42 back by AGL. So maybe we would like to hear a bit about
43 that story, about how that argument's being presented.

44
45 The idea is, if you had down-graded the line to 20 per
46 cent, or whatever the capacity, is it really in reserve?
47 Is it available? What's it there for? Are you going to

1 obtain a benefit or a revenue for the not used portion of
2 the line? There are general questions there I think we
3 need to look at in this discussion on that.

4
5 MR PRINGLE: AGL's position on the redundancy of the
6 southern trunk, I don't have any more to add other than
7 what we've already put in our written submission. Also, we
8 had a chance at our presentation last month, or whenever it
9 was, so I won't go into too much detail, but I'm just
10 trying to clarify some of the things to maybe put a bit
11 more emphasis on what I was trying to say.

12
13 We put a number of arguments why we didn't think it
14 was appropriate that pipelines should be written down. The
15 chief one was basically that, yes, the gas code does give
16 regulators the option to write down redundant capital of
17 this type if it chooses to. To our knowledge, no one
18 regulator has taken that option yet.

19
20 Secondly, the gas code does say why it is optional to
21 have a redundancy mechanism. It is compulsory, if there is
22 a redundancy mechanism, that the extra risk that that
23 imposes on the investor should be recognised in the rate of
24 return into the economic lives of the assets, and there was
25 no evidence to gas networks, and we still don't see any
26 evidence, that that additional risk has been allowed for in
27 the other components of the access arrangement.

28
29 That was really our main argument. There were four
30 other arguments that we put to also support that there was
31 not a need for it to be written down, one of which was the
32 optimised pipeline will certainly have enough capacity to
33 meet the forecast usage of the pipeline as discovered in
34 the forecast, and the physical capacity will be there,
35 should that be the major incident with which we supply it
36 from the EGP.

37
38 So it will be there, and we'll provide that security
39 supply back-up, but there will be no recognition of that
40 for AGL. It will have an asset that's providing a valuable
41 service, but no recognition, no compensation. In fact,
42 part of the value of that pipeline will be taken away from
43 AGL, quite contrary to what other regulators have done,
44 and, from our viewpoint, there will be no compensation for
45 that in the rate of return or the economic life of the
46 assets.

1 There was also the issue of a swing service. I will
2 probably talk to George later about how EGP works, but I
3 can't agree with what it said. We don't see that as an
4 issue for argument now, from our point of view, but the
5 fact is that the amount of gas passing through the actual
6 service is not great. So I would agree with you on that
7 point, but I would disagree with you on whether the
8 networks in the pipelines were treated equally or not. We
9 might discuss that with you.

10
11 The other point that we put forward in our paper was
12 the fact that the current regulatory value of the pipeline
13 was still well below the actual replacement cost of that
14 pipeline. There is information on that that we presented.
15 Also, even though the writing down of that pipeline would
16 remove \$2m of the economic value of the AGL, the impact on
17 individual users was minimal. It was really the weight of
18 those five arguments, and in particular one about the
19 compensation and the rate of return, that AGL was
20 highlighting in its submission.

21
22 MS LAVERY: Did you want to say anything in response to
23 that, George?

24
25 MR LEONG: As to the writing down of the Wilton-
26 Wollongong pipeline, I think the decision is the important
27 thing where the Tribunal is recognising that there is an
28 asset which is not being utilised to its full extent, and the
29 users of that pipeline have to pay for use of that pipeline and
30 therefore they are not paying for parts of the system which
31 they don't need. I think that point is very, very
32 important, irrespective of how many much of a saving
33 there is for the end-user. It is the concept of it is a
34 redundant asset, and therefore the customer shouldn't be
35 paying for the redundant asset.

36
37 I would dispute the other gas balancing and the
38 security measures with David. I don't believe that if
39 there is a problem with EGP, and you have to use the Wilton
40 to Wollongong pipeline to supply gas, a 20 per cent
41 reduction in capacity, the normal capacity I don't think
42 will cause them a problem, but we can argue that point all
43 day.

44
45 MR KEATING: Is there anyone else who wants to
46 comment on this issue of the redundancy pipeline?
47

1 MR RANDALL: Thank you, Michael. If I might make a quick
2 observation. The fact that redundant capital hasn't been
3 an issue in other access arrangements, I think is
4 irrelevant. If there's an asset that is deemed to be
5 redundant, then it is deemed to be redundant under the
6 code. Every access arrangement in every jurisdiction
7 should be assessing whether the assets that the service
8 provider is trying to include in their access arrangement,
9 or covered under their capital base, should have to pass
10 that test, full stop. So if there's something that's
11 redundant, it should be taken out.

12
13 MR PRINGLE: I think my point was, though, Phil, that if
14 there is an additional risk component on the other gas
15 networks, that AGL aren't required to bear, then, equally,
16 there should be additional return. I have said that. It
17 is not apparent to us that the return on the bypass
18 recognises each individual risk component that AGL will
19 be required to bear.

20
21 MR RANDALL: For those of us who don't understand the
22 logic, what is the additional risk associated with
23 redundant pipelines?

24
25 MR PRINGLE: Well, if you invest, or anybody invests
26 money, and the conditions that you invest under are that
27 there is no likelihood that your investment would be
28 written off because the utilisation may drop in the future,
29 which is the case in other jurisdictions, there is less
30 risk that that asset owner has to bear if an investor, or
31 an asset owner, puts money into an investment knowing
32 that the value of the pipeline could be written off if the
33 utilisation drops over time.

34
35 MR RANDALL: Doesn't the question become one of how
36 long does a pipeline last for? If the pipeline was put in
37 place 30 or 40 years ago, the fact that all of a sudden the
38 market has changed, the rules have changed, I don't think
39 it is appropriate for a service provider to still put their
40 hand up and say, "We still want to be covered for it." The
41 pipeline wouldn't have been put in place in the first place
42 unless there was a market for it. There clearly was,
43 remind me of the year, when it was built, but since EGP has
44 come in, the nuances of the market have actually changed.

45
46 MR PRINGLE: But the code then states that if there is a
47 capital growth, it must be recognised in the rate return.

1 That's mandated in the code.
2
3 MR KEATING: I think we might move to the next issue.
4
5 MS LAVERY: At the risk of repeating myself, in its draft
6 decision the Tribunal rejected AGLGN's proposed 7.85 per
7 cent pre-tax real rate of return and required AGLGN to
8 adopt a rate no greater than 7 per cent. AGL responded
9 with some changes to its methodology, and also with some
10 changes to the parameters that IPART had decided on, and
11 came up with a rate of return of 7.9 per cent.

12
13 So there's two reasons why the rate of return has gone
14 up to 7.9 per cent. We'd like to hear what the
15 stakeholders' views are about the new methodology that's
16 being proposed. In particular, details like AGL has chosen
17 to use the 80th percentile within the Monte Carlo analysis
18 that it is using. Is this appropriate, or do you have any
19 views about that, and is anyone aware of other market
20 practitioners using the Monte Carlo analysis in
21 determining rates of return? Phil?

22
23 MR RANDALL: Ruth knows my answer to this one. Jim
24 does as well. I made a statement to the Tribunal a while
25 ago. If I start talking about rates of returns, you can
26 disregard everything I say. I will defer to your judgment
27 on those issues.

28
29 MR SIMONIAN: I will defer to Phil.

30
31 MR LEONG: In my submission I said I didn't have enough
32 time to reply to that statement. Having said that,
33 AGLGN's submissions is based on very statistical-type
34 scenarios and, unfortunately, the EMRF, which Orica is a
35 member of, did put in a submission regarding that, a very
36 detailed submission, disputing some of the concepts, or the
37 assumptions put forward by AGLGN and their consultant.

38
39 Unfortunately Bob Lim couldn't be here this afternoon
40 because his wife had a car accident, so he had other family
41 commitments. So, therefore, I expected Bob to answer this
42 question but he is not here to do so.

43
44 MR ROLLO: We have put greater comments about the risk
45 in submissions. I think the general comment about this rate
46 of return argument was is this really an artifice for
47 increasing the objective to a higher WACC outcome. Are you

1 talking about what is the risk premium that's appropriate
2 to put on there, what is the decision on a safe, a
3 relatively safe, call on investment?

4
5 So the question is whether 80 per cent is the right
6 mark or whether it's a 50 per cent mark, or some other
7 mark, which is really that 7 per cent originally nominated.
8 We tend to support the original nominated rate of return
9 and see this increase to a statistical outcome to be a less
10 preferred outcome.

11
12 MR HARVEY: In adopting and looking at the statistical
13 approach, we have recognised something that's always been
14 recognised, and that's the whole WACC computation is based
15 on uncertainties in light of the evidence. What has
16 occurred over the last year is that we have looked at that
17 issue and with the help of Stephen Gray, looked at, you
18 know, some more scientific, if you will, methods of dealing
19 with the uncertainties, and the statistical approach
20 seeking to do that. Monte Carlo is just the methodology
21 that's used to do all the number crunching, as it were, so
22 we're looking to arrive at a sound estimate, because all
23 WACC is is an estimate, it's not a calculation that's pure
24 and perfect, and to provide some sound econometric
25 basis for doing that.

26
27 So there is a problem with choosing a 50 percentile
28 statistic. In other words, the mean, or the medium,
29 because it gives you a one in two chance that you are
30 wrong, or you underestimated. So the question is where do
31 you pitch it? What level of uncertainty do you want, that
32 you are going to be underestimating the WACC, and
33 therefore creating the investment.

34
35 In talking to Stephen Gray, we looked at a range
36 between 75 and 80 per cent. That's one in four versus one
37 in two to five, as what is arguable for a reasonable level
38 of confidence that you are actually going to not
39 underestimate the WACC and not create incentives or
40 disincentives for the investment. It is really simple. We
41 recognise the right level is 75 to 80 per cent, that seems
42 about right to us. There is a degree of arbitrariness in
43 it, but it seems reasonable.

44
45 MS LAVERY: Can I just ask another question. In its
46 submission, the Energy Networks Association said that the
47 probability analysis is necessary to lower the likelihood

1 of material underestimation of rate of return, talking
2 about the asymmetric impact of under-investment in the
3 community. Can you tell us a little bit more about the
4 asymmetry and what the impact is, and why you believe
5 there is asymmetry?

6
7 MR HARVEY: This is one of the things that came out of the
8 work done in association with a review of the national
9 access regime. There were a number of submissions put to
10 the productivity commission in relation to access regimes,
11 pricing for access regimes, and it is recognised in that
12 process, and the debate's been more broad than that, that
13 if you underprice, there's uncertainty about picking prices
14 that are at the right level. The risks associated with
15 underpricing, therefore, getting the cost prices low, are
16 far greater than if you get the prices slightly high, in
17 terms of economic efficiency.

18
19 The reason is that with the long-run impact on investment,
20 you get the wrong sequence of investment, they
21 don't invest, then the impact on society is far greater
22 than if you slightly overprice and people pay too much. So
23 it's really simply around that understanding, that if
24 prices are slightly high at an economic level, the loss of
25 efficiency is much less than if it's too low.

26
27 In the case of WACC, as one of the significant
28 components in doing costs and services that regulators are
29 required to do, we recognise, in trying to ensure that you
30 don't underestimate that cost, using a 75 or 80 percentile
31 level probability that you won't overestimate seems to be
32 reasonable.

33
34 MR KEATING: I wonder if I can assist a little bit
35 further. Underinvestment seem to be the flavour of the
36 month. We are constantly reminded of that infrastructure,
37 et cetera. I wonder whether how the users feel, that the
38 risks of underinvesting are more important than, if you
39 like, the risks that would flow from overpricing and,
40 therefore, under-using potential input.

41
42 MR SIMONIAN: We recognise that you have to have
43 reasonable returns for investment to occur, and these sort
44 of returns we don't have a problem with. I think what we
45 want to see is more of the non-financial barriers that are
46 put up against new entrants, and these are some of what I
47 spoke about earlier, the transparency - you know, for

1 example, the interconnection difficulty of our embedded
2 network interconnecting with the trunk.

3
4 We have tried to negotiate with AGL and it has dragged
5 on for months and months. We have meetings,
6 correspondence. It should be a simple thing, to just get a
7 connection going. No, correspondence takes time,
8 everything takes time. These are the sort of issues that
9 really are a disincentive, just as much as the rate of
10 return. You know, there are all these barriers that are
11 there, and these are what we want to see. We want to see
12 the barriers removed and it made easier for, you know,
13 others to come in and compete and invest.

14
15 So, I don't really, you know, see the return as a problem.
16 I think, you know, whether it's 7 or 8, okay, that's not
17 really going to turn, but the sort of barriers, for example,
18 getting approval from six different government
19 departments, et cetera, the red tape. Of course, some of
20 these issues IPART has control over; some you don't. So
21 there are a number of issues there that I call barriers.

22
23 At this stage, what we want IPART to do is remove as
24 many of the barriers that are there that are non-financial,
25 because they ultimately have a financial impact. As much
26 as possible, remove them and then allow the market to
27 compete. The other barriers, we'll have to address that
28 with government. But that's what we really want, a level
29 playing field, and we don't want to have a code where we
30 continually have to go and negotiate with AGLGN, where
31 there are uncertainties, it's not clear. We want it all set out.
32 Sometimes delays can be just as expensive, or more
33 expensive, than, you know, building the pipeline. It just
34 adds to your costs so much that it's just not viable.

35
36 So we just want clarification of the process and if
37 there is a dispute, we want dispute resolution. We just
38 want clarity, that's all we're after.

39
40 MR GRANDIDGE: I am from Hydro Aluminium currently.
41 In the 2000 access arrangement, it was acknowledged that we
42 are paying the highest local network charges of any major
43 user in the state by a substantial margin. We opened the
44 question back then as to past capital contributions and
45 certainly there is quite a return on that particular piece
46 of pipeline in the local area network to our side at Kurri.

1 Over the past couple of years we've toyed with the
2 idea of whether we would challenge the treatment of past
3 capital contributions by the arbitration under the code and
4 decided that there were some risks inherent and certainly
5 costs inherent. Our current owners are looking at
6 feasibilities for expansion of our plan, and certainly that
7 area of the pipeline would not be sufficient for the
8 expansions that are being talked about, and also the
9 industrial park that's happening in the same area.
10
11 For that reason, we firmly support the approach from
12 Hunter Gas Pipeline to put an alternative in. We see it as
13 a possible way for us to eventually challenge that section
14 and the return that's being made on that section that we
15 paid 60 per cent of anyway. For that reason, we support
16 taking away the things that might hold it up, and some of
17 the things that I can immediately think of is, you know, if
18 we were part of this embedded piece of network, then our
19 priority would go down, and that's something we certainly
20 can't afford.
21
22 These are things that users must really be spoken to
23 about, and understood, so that we can get what the access
24 arrangements are trying to get, and that's some true
25 competition in the system. That's all I'll say for now,
26 thank you.
27
28 MR KEATING: I think, at least as far as the Tribunal and
29 AGLGN are concerned, rate of return is important. My final
30 question is, you were somewhat critical of us being the
31 first to look at redundant capital. Why should we be the
32 first to change to using a normalised distribution? We did
33 ask if anyone else has departed from that, and I assume
34 your silence to that question means no-one else has done
35 it?
36
37 MR PRINGLE: Yes.
38
39 MR KEATING: You weren't here, I think, when your
40 colleagues were critical of us on the redundant capital.
41
42 MR HARVEY: I'm not sure that I know the full answer to
43 this, but I'll have an attempt, because it is not a
44 question that I have considered.
45
46 I think part of it is that if we are seeking to do
47 what the code is seeking to do and to promote a system

1 where we have regulated infrastructure going into providing
2 decent levels of service, then getting a good estimate of
3 the WACC, which will provide appropriate incentives for
4 investment, but not overpriced, is an important issue for
5 the tribunal to consider.
6
7 A point that I pick up from what Dave has said in relation
8 to the code requiring, for good economic reason, that
9 where there is a capital redundancy mechanism, a WACC
10 that is applied by the tribunal should take that into
11 account. If that has not been taken into account, then the
12 question about whether a capital redundancy mechanism
13 should be introduced is relevant.
14
15 MR LEONG: Could I make a comment on this rate of
16 return? Just to answer your question, Michael, on
17 underinvestment or overinvestment and where we are at
18 on that scale, I will answer it this way.
19
20 We are concentrating on the reduced capital base, the
21 operating costs and the WACC. All those things go to make
22 up the return on investment which AGLGN receives from the
23 whole network, and in turn it has a direct relationship to
24 what the end-user pays in tariffs. That is why we're
25 concentrating on each individual element, because each of
26 those elements affects my bottom-line price.
27
28 My friend Garbis just said that it doesn't matter what
29 the rate of return is. Well, it does matter to me, because
30 it affects my bottom line and it affects what I pay for
31 gas.
32
33 The difference between 7 per cent and 7.8 per cent has
34 a large effect on me, because I'm a very, very large user
35 of gas. So I just make the point that it does make a
36 difference what the return is.
37
38 MR SIMONIAN: I'll just clarify what I meant. What I
39 meant was of course the return does make a difference. But
40 ultimately, the most important thing is competition.
41 Competition, at the end of the day, changes markets, and
42 that's what we need.
43
44 At the end of the day, if the rate of return is
45 adequate, the market itself will correct it and new
46 entrants will come in and compete. Sure, the return does
47 make a difference, but ultimately it's more important to

1 open up the market to competition.
2
3 MR LEONG: The next point I wanted to make, which our
4 friends from Hydro brought up, was on the capital sharing.
5 When the pipeline was built - the Sydney-Newcastle or the
6 Wilton-Newcastle pipeline - Orica, which was then Incitec,
7 made a significant capital contribution to that for very
8 many years, and that contribution was not looked at by
9 IPART. It was at the last access arrangement or the one
10 before that; I can't remember which one. We did pay for a
11 lot of the capital in that pipeline.

12
13 From my point of view and also from Hydro's point of view,
14 we are being charged twice. So I just make the comment
15 that there is some baggage there. When these guys
16 talk about return on investment, we are saying that it was
17 our capital in the first place.

18
19 MR ROLLO: I will come back with a few more comments
20 about this rate of return, even though it is a weighty topic.
21

22 Firstly, what you're doing by determining this number
23 is that you are fixing the rate of return that the utility
24 obtains for the full period. They have a lot less
25 uncertainty than the average party attempting to look
26 forward five years or whatever to WACC elements of
27 determination. Our investment picture is different from
28 the sort of number that is established once this number is
29 set. So there is a different question there.

30
31 There is certainly an impact of this on the cost that
32 ultimately our gas network charge becomes, so it's a very
33 viable part of that. I agree, though, with Garbis that
34 there are other non-financial obstacles to investment that
35 ought to be considered.

36
37 Separately, I think we have put comment in to the
38 tribunal about at least three studies which have identified
39 that certainly past decisions have led to a safe return in
40 rates of return expected by utilities for regulated
41 entities. I think the case is that there has been good
42 reward in the past. If you look at the future, the
43 question is always uncertain. Whether you put 80 or 50 or
44 whatever is going to be the hard core. Certainly, there
45 has not been evidence of a shortfall in WACC provided in
46 past determinations, so we are still fairly keen to see the
47 appropriate level not being set too high.

1
2 MR PRINGLE: Just a couple of little points. Firstly, a
3 clarification. Just because IPART sets a WACC doesn't
4 necessarily mean that AGL Network is able to achieve that
5 or that other regulated entities are able to achieve that
6 WACC. Certainly, over the past four years, AGL hasn't
7 achieved the return that it was supposed to get. I am sure
8 that other regulated businesses in New South Wales are in a
9 much worse situation than AGL in regards to that.

10
11 Finally, just to clarify our position on the effect of the
12 Monte Carlo analysis, AGL did propose a WACC of 7.9, as
13 opposed to 7 that was proposed by the tribunal, and there
14 were two components to that: firstly, we proposed the
15 Monte Carlo analysis as the more scientific way of
16 estimating WACC, but there were also a number of
17 variables, beta, market risk premium and debt margins,
18 where we believed that the appropriate rate was higher
19 than what IPART allowed.

20
21 The effect of the Monte Carlo analysis itself was
22 basically just to support the number. If you were taking
23 IPART's parameters, the Monte Carlo analysis virtually come
24 up with the number that IPART had decided on. The
25 reason for the figure of 7.9 was really because of the other
26 evidence which we put in our submission as to why beta,
27 gamma and market risk premium should be higher than
28 what was put in IPART.

29
30 So as to your question earlier, basically, our
31 proposal for the Monte Carlo analysis is just a more
32 scientific support of the decision that IPART had already
33 made.

34
35 MR ROLLO: I am very comfortable with those sorts of
36 comments. I would just suggest one item back to IPART. We
37 do this on about a five-year horizon now. Is it
38 appropriate to think about a shorter horizon, a more
39 dynamic attempt to look at these rates? Is that an issue,
40 or is it a matter of volatility of the rate that is the
41 important thing, and market risk?

42
43 THE CHAIRMAN: I think, for our part, we have got what
44 we are going to get on rate of return. We might move to
45 separation of trunk and local networks.

46
47 MS LAVERY: In its draft decision, the tribunal approved

1 AGLGN's proposed services policy, which includes separate
2 trunk and local network services and tariffs, but subject
3 to the requirement that they are taken as a stapled
4 service.

5
6 The tribunal did consider the separate services issue in its
7 draft decision, but it was not satisfied that a significant
8 part of the market would likely require separate
9 services, and it also noted that the decision does not
10 preclude users from negotiating such services with AGL.

11
12 We would be interested to hear any further views about
13 how participants here interpret "a significant part of the
14 market", and we would also like AGL to address why it
15 does not offer the separate trunk and local services as
16 reference services and separate tariffs. Phil?

17
18 MR RANDALL: I am more than happy to respond to
19 people's comments on what I said in my opening statement.
20 I might have a couple more comments to make, but I would
21 like to hear others' responses.

22
23 MR MARTIN: Starting off with the issue of whether or not
24 that service is requested by a significant proportion of
25 the market, actual demand for individual trunk services is
26 very, very small and it is a minor proportion of total
27 revenue.

28
29 At the moment, services that receive trunk-only
30 transportation with no local network are negotiated
31 services. They are not reference services, as you said.
32 That is probably of the order of, if not less than,
33 1 per cent of distribution revenue. It is basically
34 2 customers out of 900,000. As I say, it is less than
35 1 per cent of distribution revenue, so it is not a
36 significant proportion of the market by that measure.

37
38 In cases where there has been trunk-only service, then
39 we still have an obligation under the access arrangement
40 under the code to apply reference service principles or
41 pricing principles, to apply non-discriminatory behaviour.
42 Any party who has come to us to discuss in a bona fide
43 manner a trunk-only service, and if the network was trying
44 to put a case to say that there were other costs of service
45 beyond that - I think that is not the way we have
46 approached it in the past, and I think that there would be
47 plenty of opportunities under the code to make challenges

1 on the issue.

2
3 I don't think that it is necessary to pull this
4 service out as a specific individual service in order to
5 cut off that possible risk in the future. There could be
6 difficulty in that sort of pricing arrangement.

7
8 Regarding why they are not offered as separate
9 services, I guess we are a distribution network. We are
10 providing a service from a receipt point to a delivery
11 point. At the moment, there is a separate MDQ booking for
12 each of those transportation services, for each reference
13 service, and our pricing is priced accordingly.

14
15 Even though one particular user on the network might
16 have a dozen transportation services going to Newcastle,
17 for example, all those individual services have an MDQ
18 which is associated with the metered deliveries at that
19 delivery point and they are all summed up into a sum of
20 individuals, as opposed to having a single service to a
21 trunk receipt station, where you actually get an aggregated
22 load.

23
24 Changing that arrangement would basically mean that we
25 would have to change all the metering equipment and
26 change all our systems so we are not acknowledging these
27 individual services and using the end meter reading for
28 each individual customer. It would mean that the price for
29 an end customer would vary depending upon which
30 retailer they had, because it would depend on what their
31 portfolio was on that particular trunk line and what their
32 load factor was.

33
34 At the end of the day, all it will be is a
35 redistribution of prices. It will drive up the rate of the
36 trunk price, because the aggregated load of MDQ is now
37 being reduced because certain users who have an ability to
38 highly aggregate are getting the benefit of being able to
39 go for a better load factor on their aggregated service.

40
41 I guess the reasons for having that service at the
42 moment, just in brief summary, are that we are a network
43 distribution service; we are providing services to end
44 customers' delivery points principally. I guess that by
45 doing it in that manner, then it has the same pricing for
46 each end-customer irrespective of which retailer is
47 actually involved in the arrangement.

1
2 As to some of the comments on the separation of the
3 trunk - Phil, you asked why Wollongong is different, why
4 there is no charge for the trunk service for Wollongong
5 users.
6
7 There is a charge for trunk users in Wollongong when
8 they are actually using the trunk. When they don't use the
9 trunk, when they inject directly off the EGP into the local
10 network in Wollongong, there is no charge for the trunk.
11 So that is entirely consistent with a charge for the use of
12 the asset that they are actually using for transportation.
13 That is the basis for that.
14
15 Given that it is only a very small proportion of the
16 overall demand on the network and that these are very
17 unique, it is entirely appropriate for trunk services, in
18 our view, to be treated as negotiated services rather than
19 reference.
20
21 MR RANDALL: Twenty-plus petajoules is not insignificant
22 in this market. You can talk about it being less than
23 1 per cent of your revenue, but in terms of potential users
24 or people who might be interested in using trunk or local
25 network rather than both, there is potential that it is
26 over 20PJ of your market, and that is a substantial share
27 of the market.
28
29 The issue of whether it would be only a small number
30 of companies who are currently doing it becomes absolutely
31 a relevant issue in this access arrangement with the
32 introduction of the Hunter Gas Pipeline.
33
34 Hydro Aluminium, for example, does not want to pay for
35 local network charges, nor should it have to negotiate to
36 have local network charges removed from any services
37 provided by AGL Networks in the trunk main.
38
39 I go back to the final decision that IPART made in
40 July 2000, when it said:
41
42 The tribunal requires AGLGN to establish
43 separate services and tariffs within the
44 access arrangement for the transmission
45 pipelines.
46
47 The transmission pipelines are different from the

1 distribution pipelines, as I understand it, within the
2 access arrangement, because the trunk pipeline is known as
3 the transmission pipeline and the local network is the
4 distribution.
5
6 We also had a situation in which the trunk pipeline
7 was, at one stage, looking as if it may go under the
8 auspices of the ACCC. However, a couple of years ago under
9 New South Wales legislation, IPART continued to have
10 regulatory responsibility for the trunk pipeline.
11
12 Going back to the final decision:
13
14 In its access arrangement, AGLGN must
15 establish and list reference services and
16 reference tariffs for each of the covered
17 pipelines, Wilton-Newcastle and
18 Wilton-Wollongong, separately from the
19 reference services and reference tariffs
20 that it must establish and list for the New
21 South Wales distribution system, including
22 the Central West distribution system.
23
24 AGLGN were required to establish it. IPART clearly
25 came to a decision that the separation was required. Based
26 on my arguments in terms of the sections of the code that
27 I quoted, they are totally consistent with the need to be
28 able to have those as separate services. You are allowed
29 to ask for a service for the part of the asset that you
30 want to use.
31
32 You argue about the case of no metering. Clearly,
33 nothing is going to happen if there is no metering. Hunter
34 Gas Pipeline will only get gas out of the AGLGN if metering
35 is put in place. So if a user wants to use only part of
36 the service, unless the relevant infrastructure is put in
37 place, it won't happen.
38
39 I'm not sure where you came from in terms of the issue
40 of, "You will have different prices depending upon which
41 retailer you use." I'm not sure why you made that
42 comment, Scott, because frankly the pricing will be the
43 same for everybody.
44
45 One of the difficulties that I have with this whole
46 system at the moment in terms of "point to point" - your
47 point is the receipt point or your point is the delivery

1 point. There is no ability to trade. That was one of the
2 issues that ACG, on behalf of the tribunal, looked at in
3 terms of ability to trade capacity. You can't trade
4 capacity if it is all point to point. By making everything
5 point to point going all the way through the trunk and
6 local network, there is no ability for people to trade when
7 they might want to trade. That makes life difficult.
8
9 Getting back fundamentally to this issue, we have a
10 problem where IPART made a ruling. AGL said, "No, we
11 think it is better if we just link them." For some reason, the
12 tribunal said, "Yes, that is fine" last time around. We
13 still believe fundamentally that you must have them
14 separate, because we are talking about having to negotiate
15 with a monopoly.
16
17 The monopoly can choose whether it wants to act as a
18 monopoly or wants to act as a reasonable negotiating
19 party. I can say on a number of occasions that they have
20 operated as a reasonable negotiating party.
21
22 But why put in place something that simply says that you
23 can't have one without the other? For IPART to suggest
24 that AGL Networks will have every incentive to back away
25 from a position where it holds all the aces - this is a
26 covered pipeline. Let's put in place relevant services in
27 accordance with what users may be looking for under the
28 code, and if it transpires that someone wants to use only a
29 trunk asset, then they will pay only the trunk tariffs, and
30 that should be mandated under the code, rather than having
31 to go cap in hand to AGL Networks.
32
33 I refer again to the issue of a number of major users,
34 including the likes of CSR, Pilkington, Austral Bricks and
35 others. People attending here may remember a submission
36 that we presented in the previous access arrangement
37 where we identified eight different bypass possibilities
38 under the AGL Networks system. There were eight
39 pipelines, and I think that all eight pipelines stood the test
40 of time in terms of, we put them on the table and AGL
41 went away and did their own analysis about whether our
42 numbers were right, wrong or indifferent.
43
44 Due to confidentiality restrictions, I'm not in a
45 position to be able to discuss what ended up happening.
46 Suffice to say that the situation of putting in a potential
47 linking of trunk and local network which is simply

1 arbitrary could actually prevent people who have a bypass
2 possibility from ever actually being able to do anything,
3 because they do not hold any aces in their hand. They have
4 to go to IPART and ask for permission effectively for only
5 a trunk service.
6
7 This is something that is fundamental to making sure
8 that we have a competitive market in the New South Wales
9 gas market.
10
11 MR PRINGLE: I don't know the details of all the
12 commercial arrangements like Scott does, but the extent of
13 controversy over this issue does surprise me, given that
14 Gas Networks, whenever it has been approached on this
15 issue, has quite openly offered to provide the trunk-alone
16 service essentially at the same price and on the same
17 conditions as if it were a coupled service.
18
19 There seems to have been a great thought that AGL is a
20 dirty monopolist and not prepared to negotiate, but I think
21 that it has demonstrated consistently that it is quite
22 willing to operate the trunk service as a stand-alone
23 service on the same terms and conditions as if it had been
24 coupled.
25
26 MR RANDALL: Why is there a reluctance to take out a few
27 words saying that you can't have one without the other?
28
29 The challenge is partly to AGL, but the challenge is
30 also to the tribunal, because the tribunal changed its
31 position from what it required in its final decision to
32 what it actually allowed. It allowed AGL to back away
33 slightly from the position that the tribunal came up with
34 last time.
35
36 My question here in terms of controversy, if that is
37 the word you want to introduce, is really a challenge to
38 the tribunal, because they changed their position. We put
39 in a submission, and they knocked back our comments on the
40 basis that not enough people want it and it outweighs the
41 legitimate business interests of AGL. Well, I find that a
42 very strange decision, so the challenge is not so much to
43 you but also to the tribunal to make some comments.
44
45 MR COX: From my point of view, there are two sets of
46 arguments here. The first one relates to the "significant
47 part of the market", and I think we have debated that at

1 length.
2
3 The second issue is the inconvenience to AGL and to
4 customers other than the ones represented by Phil and his
5 group. I think that Scott has made some arguments there,
6 but personally I am not sure that I quite followed what
7 those arguments were. I would like a better understanding
8 of what exactly the implications are for AGL and other
9 customers. I think that that would help everyone here.

10
11 MR MARTIN: I will give you an overview.

12
13 I guess, Phil, that you're throwing the baby out with
14 the bath water a little bit. What you are saying here is
15 that there is a condition on a reference service that the
16 trunk and the local network service must be taken together
17 where the trunk is actually used as part of the
18 transportation.

19
20 That applies to all reference services. We have
21 900,000 delivery points, a subset of which are off the
22 trunk system. That is the general rule that applies to all
23 delivery points.

24
25 As a result of that, in the contract market and in the tariff
26 market, the volume of gas that is transported on the trunk
27 system is deemed to be the volume actually measured at
28 the delivery point for that individual transportation
29 service.

30
31 In the case of a service with an MDQ, that contractual MDQ
32 and overruns and the like can be calculated, because we
33 have the metering at the end delivery point within the
34 local network, so it is actually assigned to be the
35 quantity within the trunk.

36
37 For example, at the Horsley Park trunk receipt point,
38 there will be thousands of delivery points receiving gas
39 through that meter. We can't meter each service
40 individually. It is one aggregate reading as it goes
41 through the trunk receipt station.

42
43 The way that we can actually say, "User A, you have
44 received X gigajoules today on your transportation service
45 today" is because of the metering that is done within the
46 local network at the customer's site.

47

1 If we do throw the baby out with the bath water and
2 say, "Right, we have a handful of users who might come
3 along and want to negotiate in the future some time", if we
4 say because of that, "Let's go and change the whole
5 regime", then that takes away that link, so that then for a
6 user who had 50 delivery points within, say, the
7 Horsley Park local network area, what you are saying is
8 that they would have one transportation service from the
9 network receipt point on the trunk system and each user
10 would take an aggregated tranche to that point.

11
12 MR RANDALL: That is not even wildly near what we're
13 saying. We are not asking that at all.

14
15 MR MARTIN: But that is what the delinking does, because
16 contractually and commercially, it puts the two together.
17 Otherwise, there is no commercial way of saying what
18 quantity of gas was delivered under that trunk service.

19
20 MR RANDALL: You are answering the wrong question, so
21 forget the baby and the bath water.

22
23 This issue is absolutely fundamental to the Hunter Gas
24 Pipeline. This is probably a good example, and I can quote
25 others if you like: the Hunter Gas Pipeline is about to
26 put in a pipeline that connects to your trunk. The
27 delivery point is ex your trunk. It has no interest in
28 local network. There should be nothing in the access
29 arrangement that requires going to the local network.

30
31 But where a customer takes delivery of gas at their
32 site, what you are arguing is all very fine. But what we
33 are talking about is the need for ensuring that if someone
34 actually takes gas only from the trunk, if someone is
35 taking gas from the trunk and the local network, there is
36 no aggregation issue. I'm not sure why you are raising it,
37 Scott, because it is irrelevant. The user will book
38 whatever is required from a point-to-point basis.

39
40 The whole process and the whole system of charging
41 under the access arrangement is point to point. We do not
42 have a problem with that at all. But where the second
43 point is on the trunk, then the user should only have to
44 have trunk to trunk.

45
46 MR COX: I think I do understand the Hunter Gas Pipeline
47 point. What it means for other users is the point that

1 I am talking about.
2
3 MR RANDALL: Can I give an example, and I am conscious of
4 what I can and cannot say about commercial arrangements
5 that may have been put in place between the parties.
6
7 I will use the example of CSR at Cecil Park. It is a
8 good theoretical example. It was included in our
9 submission five years ago.
10
11 The Cecil Park plant was very close to the trunk main.
12 We did a bypass study, which looked at taking gas directly
13 out of the trunk and building a short pipeline of less than
14 a kilometre and the costs associated with building that
15 pipeline.
16
17 In the case of CSR, they would buy gas off our new
18 offtake point on the trunk pipeline, which would require
19 metering, so all the work we did included metering and all
20 the costs associated with the short pipeline.
21
22 We didn't want to use the 5, 6, 7 or 8 kilometres of
23 AGL Networks' local network at exorbitant prices, and we
24 did a bypass study which reflected the need to use only the
25 parts of the system that we wanted to use. The analysis
26 that was done included the need to put in new metering,
27 because clearly you cannot take gas without metering it, so
28 it had no impact at all on any other user in the system.
29
30 All this is basically doing is making sure that the
31 costs associated for every user are always going to be cost
32 reflective and that they are only paying for the parts of
33 the system that they require. The code provides quite
34 clearly for separation of services. IPART has requested
35 that in the past, so we are simply saying that you don't
36 need to have a linking for people who do not need to use
37 that part of the service.
38
39 If it is all right to have a system whereby the likes
40 of Blue Scope and others in Wollongong are only paying
41 local network, what is the issue of taking out the words?
42 Clearly, a high percentage of users will not have an issue
43 with it, because they will use both.
44
45 MR MARTIN: Phil, you don't have to request a reference
46 service if your needs are different. You can ask for
47 anything else that you need, and we can negotiate on that

1 basis. It is just a negotiated service.
2
3 Those words, the linking of the trunk and local
4 network, are in the access arrangement in the context of a
5 reference service.
6
7 By taking out that delinking, what it means is that
8 the trunk services - Jim, I will try to explain it again
9 for you. In our forecasts of MDQs, if you like, in the
10 contract market that are used to generate the rates that
11 apply to trunk transportation - the total MDQ in the system
12 that we receive revenue on is the sum of the MDQs of the
13 individual transportation services.
14
15 Those MDQs are set individually by each retailer to be
16 fair and reasonable estimates as to what their capacity
17 requirements are in the future. So there's a direct link
18 between the contractual MDQ booking and the actual
19 withdrawals, the actual utilisation of the network at that
20 end customer site, with our ability to recover our revenues
21 through.
22
23 If we take reference services and take out the
24 obligation to actually link the two together, so if we de
25 link them, then a user could come along and request one
26 transportation services on the trunk, but could have five
27 transportation services on the local network. It wouldn't
28 all be linked. So a user could then aggregate their
29 services on the trunk, so that the withdrawals of those
30 five customers on the day, there will be some diversity
31 amongst that. Instead of being a total MDQ of, say, 200,
32 if each of those were assessed individually, suddenly it's
33 140.
34
35 So if we move to an aggregated type of service, then
36 there's a whole different diversity that comes into it for
37 each retailer. It will depend upon what the size of that
38 retailer is, what their customer mix is, but basically the
39 total forecast MDQ on the system will reduce because we
40 have to take into account diversity. So that means for the
41 small users, or users with only one site, that rate, the
42 consequent rate, will go up.
43
44 MR PRINGLE: Our issue is not the gas users group. Our
45 issue is if you are dealing with the trunk and local
46 network service for the other 900,000 customers. If you
47 were to do that, the outcome would be that, on the

1 transmission pipelines, AGL would still be entitled to
2 exactly the same amount of revenue it is now, but the
3 distribution of that revenue between the user, the
4 customers, would be redistributed, and it would be hugely
5 anti-competitive because the people who would gain would
6 be the big retailers, and the losers would be the ones with
7 the small retail, or the individual user such as George.

8
9 MR RANDALL: I think you are clutching at straws, guys.

10
11 MR PRINGLE: That's the whole reason. Our issue, you will
12 see, is not someone who just wants to use the trunk. Our
13 issue is if you are using it for everybody else, that
14 distorts the whole pricing structure that we put in place
15 and it will be hugely anti-competitive to do that.

16
17 MR RANDALL: Read carefully the issues we have raised,
18 and why we have raised them, and have those responded
19 to in terms of what the wording is in the access
20 arrangement. Your response is wider than the actual
21 argument we are putting in place here.

22
23 If someone liked Hydro Aluminium has an arrangement
24 with the Hunter Gas Pipeline, they still have to book with
25 you. Hunter Gas Pipeline isn't booking the capacity along
26 the AGL Gas Networks, Hydro Aluminium are booking the
27 capacity. So you are automatically assuming everyone is
28 aggregating. This isn't just about aggregation; this is
29 about making sure people are paying what they want to use.

30
31 MR MARTIN: Whatever shipper is operating on gas network
32 is going to transport gas to that interconnection point.
33 It will be Hydro if they want to come along and negotiate,
34 but otherwise it will be whatever party it approaches to
35 get that transportation.

36
37 MR SIMONIAN: At the end of the day, using your
38 argument we are never going to build new pipelines.
39 That's the whole point of having new pipelines, to reduce
40 the cost in certain areas. Where we are, right at the tail end
41 in Kurri, we pay the highest rates in Australia. How are
42 we going to attract development in the area, new
43 customers in the area, if we don't reduce the transport of
44 gas. That's the whole point of building a pipeline.

45
46 Not only that, you don't even have capacity in your
47 existing pipeline for any growth. You know, the rates, the

1 existing transport rates, were too high. That's what we
2 are trying to do, have some competition, bring the cost
3 down and increase the users, attract some more customers.
4 The problem is as long as the rates are high, and use your
5 argument that you need to get a return - okay, if the rates
6 are high, we are never going to get the pie getting bigger,
7 or the customer-base getting bigger, because we have lost
8 major users like Pasminco, so as the number of users
9 contract, what are you going to do, keep putting the rate
10 up?

11
12 MR MARTIN: We have never charged a user of a trunk
13 network only a local network service. We have never
14 imposed upon them that. We've never implied to anybody
15 that we would do that.

16
17 So, I mean, I think perhaps we are better off having a good
18 sit down and talk through this, because there could be
19 a basic misunderstanding.

20
21 MR SIMONIAN: I think it is fairly clear --

22
23 MR KEATING: For our part, I think we have got what we
24 need to get.

25
26 MR SIMONIAN: We don't see a problem in putting it in the
27 code. Clearly, it is decoupled. What's the problem?

28
29 MR KEATING: For our part, we have got what we need to
30 get out of this exchange, which has been helpful. But, to
31 continue, it might be better done between you.

32
33 I'd like to move to the next issue, which, again, I
34 suspect is close to our hearts, and that is the terms and
35 conditions.

36
37 MS LAVERY: In its draft decision the Tribunal required AGL
38 to make 13 amendments to clarify the terms and, in some
39 cases, to limit AGLGN's scope to recover costs or require
40 security for payment. AGLGN has accepted the majority
41 of those amendments, but has proposed rewording the
42 security of payment and delivery point conditions.

43
44 We've received a number of submissions. Aside from
45 submissions in relation to load shedding, which we've
46 touched on already, most of those submissions don't cover
47 common ground, but we can address each of the issues, if

1 you want to, as we go around, but load shedding is probably
2 the one that's got the most common interest. Phil?

3
4 MR MARTIN: Perhaps I will go first.

5
6 I will just respond to the issue of, I guess, load
7 shedding for the embedded network service. First off, the
8 embedded network service is the agreement between the
9 network, AGLGN, and the network operator, or the owner, of
10 the facility downstream. So it is very much in the context
11 of an operational arrangement. You know, we would have
12 to have protocols set up, who contacts who in the event of an
13 emergency, you know, what the arrangement are for working
14 together in the interests of greater public safety and
15 reliability of supply, all those things that drive AGLGN's
16 obligations under the access arrangement, under
17 regulations.

18
19 So I guess I see that it could be coming from a bit of
20 a misunderstanding in the submissions. Nothing in the
21 access arrangement is mandating that priority 2 applies to
22 embedded networks. What it is saying is that AGLGN and the
23 embedded network operator will discuss that issue. They
24 will agree on the appropriate arrangements between them.
25 In the event of no agreement being reached, or in the event
26 that that discussion doesn't occur, then it defaults to
27 priority 2. It's purely a fail-safe provision. You know,
28 load shedding is an important aspect, an important
29 operational aspect, so that sort of comment is there in the
30 access arrangement to trigger the fact that it has got to
31 be covered off.

32
33 So, again, it does not say that priority 2 will apply;
34 it's saying in the event that there is nothing, in the
35 event that there's ambiguity because there's no agreement
36 reached, then priority 2 would apply.

37
38 I guess the other aspect of it is, you know, there's
39 some comments mentioned that we should be recognising the
40 interests of the individual end customers on an embedded
41 network. I guess once an embedded network's created, then
42 we won't have access to the metering data, we won't know
43 what delivery points are actually on that embedded network.
44 We will have no commercial or physical visibility of those
45 individual customers. In our systems the delivery point
46 will be a single system. We won't have systems set up to
47 continue to acknowledge all the individual delivery points

1 on that system.

2
3 So in terms of load shedding, the services on our network,
4 it will be the service from the network receipt point to that
5 delivery point that we will be shedding. It will be up to the
6 embedded network operator to take care of all the shedding
7 downstream at that point. Now, it's very important that all
8 the parties have a back-to-back understanding as to what
9 the arrangements are. It won't only be AGLGN and the
10 embedded network operator, there will be retailers
11 involved, shippers involved, suppliers involved, end
12 customers involved. All those contracts will have to be
13 lined up back to back. So it will be a complex arrangement.
14 It will depend on the nature of the customers, the
15 nature of the interconnection agreement, and
16 the services provided by each party under that
17 interconnection agreement. For that reason, it has been
18 left there to say the parties must raise it, and negotiate
19 it, and include that as part of the agreement. It doesn't
20 say priority 2 only comes in purely as a failsafe.

21
22 MR RANDALL: I would respectfully request that priority
23 be changed, be removed, because the way it reads is to
24 suggest that if we don't negotiate something, or if the
25 operator in the embedded network can't come to an
26 arrangement that is acceptable to AGLGN, then they can
27 effectively say, "There you are, you are priority 2."

28
29 What needs to happen here is to simply make sure that
30 there is a process by which someone resolves a dispute, if
31 there is a dispute, rather than simply saying, "The
32 fallback position is this." Because you may well have a
33 situation where, on the back of the Hunter Gas Pipeline, it
34 continues to grow into areas and actually provides gas to
35 mums and dads. All of a sudden mums and dads will be
36 priority 2, in the absence of an agreement between the
37 parties. There needs to be a positive outcome as a result
38 of negotiations, rather than a fallback position that
39 simply says, "You will be this". Otherwise, what incentive
40 is there necessarily for AGL to come to an arrangement that
41 is totally acceptable to the Hunter Gas Pipeline?

42
43 Now, in the case of someone like Hydro Aluminium, I was
44 involved in the discussions between Hunter Gas Pipeline
45 and them, and the first question it was asked was what
46 happens if there is ever any problems in terms of AGL gas
47 networks? Am I priority 2 now? Hunter Gas Pipeline has to

1 go and negotiate something that is better than what
2 priority 2 is.
3
4 MR MARTIN: Hunter Gas Pipeline, as a responsible
5 network operator, would be coming along to make sure that
6 there were appropriate operational arrangements between
7 us and between themselves and AGLGN.
8
9 The complexity of the interconnection agreement, of
10 the issues to be worked through, all those issues will
11 depend upon each individual embedded network as it comes
12 up. It is not possible to start saying, "Well, let's
13 basically fill out all the terms and conditions that are
14 applying to this in all respects." It is appropriate that,
15 for these sorts of matters, for an operational agreement
16 between two responsible parties, that they would work
17 together to get to an appropriate outcome without
18 necessarily having to dictate what that outcome might be.
19
20 MR SIMONIAN: What you basically saying is, "Trust us,
21 we'll work something out." But the problem is this: we
22 are, in a way, competitors. You have a local network
23 that's going to compete with our pipeline. Really, we have
24 our neck in your hand, really.
25
26 I mean, we are competitors, and, yet, you know, you
27 make the final decision that the shedding is one area, and,
28 from my experience on negotiating on the connection, it
29 hasn't so far been very good. I will tell you that's one
30 area where you said, "Trust us, we'll work things out." So
31 far it is very slow, very, very difficult and is taking a
32 lot of time and is going to cost a lot of money.
33
34 Now, I won't go into that, but all I'm saying is, this
35 attitude of "Trust me, it will be okay, we'll negotiate
36 it", doesn't give me comfort. What we would like is, as
37 much as possible, in as many areas as possible, for it to
38 be spelt out and not left up to, "Trust me, we'll negotiate
39 and everything will be fine", because, frankly, I have
40 doubts.
41
42 MR MARTIN: I'm not saying trust me. I am saying it is
43 part of the overall access regime. You are getting an
44 access to the system, and the discriminatory behaviour, the
45 dispute provisions - there's a whole legal regime there
46 through which those sorts of matters can be addressed.
47

1 MR SIMONIAN: Of course it can. It can also take years
2 and cost a lot of money in legal fees, et cetera.
3
4 Let's face it, a lot of the parties very often are
5 not, you know, of the same size and financially not in the
6 same position, and it is not a level playing field. That's
7 all we are asking, is for IPART, in areas where they have
8 control, to spell it out and make it clear, because,
9 frankly, we want it to be a level playing field and be
10 transparent. We don't want it left to, "Trust me, we'll
11 negotiate something", because our experience so far, as I
12 said, is not good.
13
14 MS PEARSON: Anne Pearson from Energy Australia.
15 Although some of these issues don't really affect us, I
16 would like to make the point that I have heard a lot of talk
17 today about "negotiate", and I have to say that our
18 experience in the past has not been positive in that respect,
19 with AGL Gas Networks.
20
21 I think the Tribunal needs to take into consideration
22 that it's not always easy for users to negotiate
23 successfully with gas networks. Particularly in the draft
24 decision, there were lots of references to users can
25 negotiate this and that. They can't actually do that.
26 Much of the time services are presented on a
27 take-it-or-leave-it basis, and unless you have got the
28 money and the inclination to go through the dispute
29 resolution process then, you know, you are stuck with it.
30 I just wanted to make that point, that it is not always
31 easy and possible to negotiate successfully, as a user.
32
33 MR LEONG: I would like to reinforce Anne's problems with
34 negotiating with AGLGN. I'm a very, very large user, and I
35 still have problems negotiating with AGLGN. Basically, I
36 feel that they are a monopoly and they put a deal on the
37 table, and you take it or leave it. You have got no
38 negotiating position, or very little.
39
40 MR RANDALL: I'd like to say that you can negotiate with
41 AGLGN, but you have got to have bullets in your gun.
42
43 I think the point to make, though, is I think I'd back up
44 Anne's comment in relation to the issue of negotiating with
45 not just AGLGN, but its networks and others throughout
46 Australia. We can talk about issues between negotiating
47 back and forth, but the bottom line is everything falls

1 back to the access arrangement, whether it be New South
2 Wales, Victoria, South Australia or any other jurisdiction.
3
4 What is in the access arrangement is the fallback
5 position upon which the parties rely. That's why the
6 issues we raise are so important for us, that they at least
7 be in the access arrangement, if it makes sense. There's
8 always ability to negotiate on certain things, but if
9 there's ever a dispute, out comes the access arrangement.
10 I'm certainly not just talking AGLGN.

11
12 I will also point out that there are occasions when
13 you can negotiate with them, but, on general issues,
14 there's no room to move, because, you might get a quote
15 back saying, "We can't discriminate between users, because
16 the access arrangement" - whatever.

17
18 MR MARTIN: I think that's what the access arrangement is
19 for, isn't it? It says a non-discriminatory, uniform set
20 terms and conditions will apply across the market. If we
21 were treating each individual retailer differently,
22 according to their particular personality, then we wouldn't
23 be being non-discriminatory.

24
25 MS PEARSON: If they are clear. They are not always
26 clear.

27
28 MR SIMONIAN: It's a question of clarity, not uniformity.
29 We wouldn't be arguing so hard and so strongly - we
30 wouldn't be here - if we trusted you 100 per cent and
31 agreed, you know, with what you are saying.

32
33 MR MARTIN: Garbis, look, again, I suggest we take this
34 off-line and, you know, I think we need to make sure that
35 all the relevant requests and the type of services that you
36 actually want are on the table so that we can actually
37 start the process.

38
39 MR RANDALL: Can I actually change the tone and make a
40 positive comment here. I actually think that the last
41 access arrangement process was a massive change in terms of
42 what was in the access arrangement. To a very large extent
43 it has worked, but the reason - I'm addressing this to the
44 Tribunal - you are hearing some responses from either
45 end-users or from "Users", in other words the retailers, is
46 because there are still some teething issues. I made
47 comments privately to the Tribunal before in terms of the

1 fact that, generally, it has worked reasonably effectively.
2 You are only going to hear from people on the bits that
3 don't work, and we need your assistance to make sure that
4 the access arrangement captures and fixes up the bits that
5 people think aren't working well.

6
7 MR KEATING: I think we are at the point where we've got
8 an understanding, at least, of the different positions, and
9 I think it might be helpful if we all went and had a cup of
10 tea.

11
12 SHORT ADJOURNMENT

13
14 MS LAVERY: The next issue we have is total cost and
15 demand. We have retained MMA and ECG to update their
16 reports on the cost and demand to cover the changes to cost
17 and demand that AGL proposed in its response to the draft
18 decision, and we don't have those reports yet, so I don't
19 think that there is much to discuss there.

20
21 One issue that did come up in submissions was the
22 1.5 per cent efficiency factor, and I suspect that Orica
23 might have a view on that.

24
25 MR LEONG: Yes, we do. We consider that 1.5 per cent is
26 too low. Realistically, most industries have been asked to
27 provide considerably more savings than 1.5 per cent. We're
28 saying that AGLGN have requested money here for IT
29 systems and various upgrades and so forth, but the target
30 of 1.5 per cent real efficiency savings we thought was very
31 small.

32
33 I think if you look around the table here and talk to
34 all the different industries, we have all been asked to
35 provide savings of much more than that.

36
37 I don't have anything quantitative that I can say
38 against that, only that we consider that to be very, very
39 low.

40
41 MR PRINGLE: Just on that 1.5 per cent efficiency saving,
42 AGL has not achieved all the savings that it has been asked
43 to achieve over the past four years. There was a
44 3 per cent annual savings that was imposed on us over the
45 last four years. We have not been able to achieve all of
46 that, but we have made a large portion of it. AGL stated,
47 and it still believes, that it is not practical to achieve

1 that ongoing for an extended period of time.
2
3 ECG considered it in their report. They recommended
4 that it should be reduced to 1.5 per cent. ECG actually
5 said in their report that in that same period, when we had
6 been getting close to 3 per cent more efficient each year,
7 the industry average has been going backwards; the industry
8 has been getting less efficient on an annual basis, but we
9 have been improving. I think that we have a fair case to
10 argue that we cannot continue to do that forever.
11

12 THE CHAIRMAN: Does anybody else want to comment on
13 this one?
14

15 MR ROLLO: A lower WACC for a higher efficiency.
16

17 MR PRINGLE: We would give that up for another
18 1.5 per cent.
19

20 THE CHAIRMAN: We might move to the next issue.
21

22 MS LAVERY: The next issue on the agenda was the
23 pass-through mechanism. In the tribunal's draft decision,
24 it approved the pass-through mechanisms for regulatory
25 and tax events with minor rewording, but it rejected the
26 pass-through mechanism for insurance and unforeseen
27 external events.
28

29 AGLGN in its response has proposed a new pass-through
30 mechanism for mine subsidence and for guaranteed
31 customer service standards. Orica has already made some
32 comments about the mine subsidence proposal.
33

34 One of our queries would be: do stakeholders have a
35 view on, if it is possible to measure incremental and
36 efficient costs of a mine subsidence event, why should this
37 not be included in a mechanism, and any other comments
38 about the proposed mechanism?
39

40 MR PRINGLE: Can I give a few points of additional
41 information to clarify what we are talking about here
42 before we talk about it in general.
43

44 The mine subsidence cost that we are talking about
45 that we may have to incur is not the repair of damage. It
46 is work that needs to be done to ensure that damage isn't
47 done, so it is not an insurable cost. We can't afford to

1 let the pipeline be damaged and then go and fix it, because
2 that is the source of supply for the whole of New South
3 Wales. Any cost that will be incurred will be
4 preventive-type work rather than repair work, so it is not
5 something that is insurable.
6

7 Secondly, the whole issue is subject to legal
8 negotiations at this stage. For those reasons, we can't
9 say too much about it. But we can say that AGL is not the
10 only pipeline owner involved. There is quite an extensive
11 process, and AGL has taken great measures to try to ensure
12 that very little of the costs will flow through to AGL and
13 eventually to users.
14

15 That is why we haven't put a claim into our baseline
16 costs, if you like, because we're hoping that the costs
17 will be minimal. We're just having it there as a failsafe.
18 If, for some reason, we're unsuccessful in our legal
19 proceedings, the fallback case is that it should be passed
20 through.
21

22 Firstly, the cost is a preventive cost and not a
23 repair cost. Secondly, the whole issue is subject to
24 ongoing legal proceedings.
25

26 THE CHAIRMAN: Does anybody want to comment on that?
27

28 MR LEONG: Yes. The concept of a pass-through cost - we
29 disagree with that completely. The scenario is that if you
30 incur the costs, then you are saying that you want to pass
31 it on to the customers.
32

33 The analogy to that is that if the customer base
34 increases dramatically, then will you share the savings
35 with us as well? Will you reduce our tariffs? We do not
36 have that option for MDQ if, for some reason, another large
37 user comes into Newcastle and you still won't reduce your
38 tariffs. The same rule should apply both ways.
39

40 MR PRINGLE: Equally, if a large user shuts down, we don't
41 increase our tariffs. We are talking here about a one-off
42 unexpected event, hopefully of low probability. It is not
43 normal business, such as low growth or incremental cost
44 savings or increased costs. We wouldn't have proposed it
45 if it was not significant.
46

47 MR LEONG: I don't think that we have been given enough

1 information on it. The length of the pipe or the dollar
2 value - there is a big question mark over a lot of those
3 things. AGLGN haven't really given us a lot of information
4 on that. So unless it is privileged information which the
5 tribunal already has...

6
7 MR PRINGLE: The tribunal does have additional
8 information. It is just that the nature of the
9 negotiations is such that we can't discuss it in public.

10
11 MR LEONG: It makes it very hard to debate then.

12
13 THE CHAIRMAN: I think you are being asked to comment
14 on the principle. Unless I hear more on that from anyone,
15 I will move to the last issue that we want to raise.

16
17 MS LAVERY: Ancillary charges. In the draft decision, the
18 tribunal didn't accept the ancillary charges that had been
19 proposed by AGL.

20
21 AGL has now proposed some new revised ancillary
22 charges. We would like to hear any stakeholder views on
23 the types of charges that have been proposed and also the
24 amount of each of the charges.

25
26 MR LEONG: Can someone remind us what the ancillary
27 charges were, please?

28
29 MR PRINGLE: From the ancillary charges, AGL gets a small
30 amount of money each year. They charge for additional
31 services, such as disconnecting and reconnecting customers
32 and for a special meter read. For example, we charge \$25
33 for a special meter read.

34
35 The reason why I believe we are talking about them now
36 is that the original proposal that AGL put forward was not
37 supportable; we didn't do the analysis behind it at that
38 point in time. We didn't really put the case to IPART in
39 support of why the costs should be what we say they should
40 be until our response to the draft decision. So I think
41 that is probably why we are talking about them now.

42
43 THE CHAIRMAN: In the absence of any comments, I will ask
44 now whether there are any people who would like to make
45 general comments on something they feel we have missed.

46
47 It has been suggested to me that in the discussion

1 just before we took the coffee break, there might have been
2 some conditions that were controversial other than the ones
3 that we discussed.

4
5 Are there any other comments?

6
7 MR RANDALL: In your wisdom in sending us all out for a
8 cup of coffee, there was some discussion between ourselves
9 and AGL Gas Networks in relation to this issue of
10 separation of trunk and local network.

11
12 AGL can speak for themselves on this matter, but we
13 believe that we were talking off two different song sheets.

14
15 For people who are looking to exclusively use only the trunk
16 or only the local network, then that should be allowable.
17 But for people who are using both, then we absolutely
18 understand where AGL were coming from, but that
19 was not the issue that we were raising.

20
21 Dave, would you like to make a comment on that?

22
23 MR PRINGLE: Yes. Phil and I had a discussion over
24 coffee, and it was clear that we were both talking at
25 cross-purposes. We were talking about different things.
26 I think we are a lot closer to a solution than we thought
27 we were when we were having a heated debate half an hour
28 ago. We don't have the answer yet, but I think that we are
29 a lot closer to a solution.

30
31 THE CHAIRMAN: Would it be possible to let us know if
32 there are any outstanding issues in a week or two?

33
34 MR PRINGLE: Yes. We haven't done the numbers, but if we
35 can resolve it without too much trouble, we will do that.

36
37 MR RANDALL: Certainly, from our part, I am happy to look
38 at the wording or the suggestion we proposed, which was
39 basically to remove the requirement, to see whether it does
40 or does not affect AGL's situation. I still think that
41 removing the offending words solves the problem, but we
42 just need to make sure that it covers AGL's concerns.

43
44 I want to go back to the issue of access to meter data
45 and the whole issue of metering contestability, which
46 surprisingly IPART were silent on in their draft decision,
47 because it was an issue that had been raised certainly in

1 our submissions and in the previous access arrangement
2 review.
3
4 Putting aside contestability - I will let the tribunal
5 consider its position on that - we have today raised the
6 issue of the need for an additional service, access to
7 meter data for end-users. We have tabled a list of
8 effectively half the demand in the market who is looking
9 for it and all the major users seeking that. I would ask
10 that we be given an opportunity for some discussion or
11 response on that either by AGL or even if the tribunal has
12 any comments, because it was the tribunal who seemed to
13 reject it out of hand in the draft decision.
14
15 MR MARTIN: I will make one or two comments in regard to
16 this. Yes, the existing service is a meter data service
17 that is provided to retailers. They are the users of the
18 network, the parties contracting with us. The nature of
19 the gas market is linear. It is not triangular like
20 electricity. That is one key thing.
21
22 Data is provided to the retailers in accordance with
23 that linear relationship through the market systems. In
24 terms of that supply chain, the retailers have access to
25 that data.
26
27 The access arrangement does provide that where people
28 have other requirements apart from what is provided by that
29 process, then they can request different things, and that
30 is done at cost. It is quite common for large industrial
31 customers who want to manage their realtime data to have
32 wires connected between their data-logging equipment,
33 their energy management system and their meter.
34
35 At the moment, any customers who really want it do get
36 it. The retailers, who are part of the contractual supply
37 chain, get it. So there are already substantial data
38 services that are provided.
39
40 MR RANDALL: I would like to take the opportunity to
41 quote a few examples, because we advise quite a number of
42 large gas users in this marketplace and in other states.
43
44 I quote the example of last week in a different
45 jurisdiction, we will assume, for the sake of the exercise.
46 We requested on behalf of a major user their last
47 two years' gas data. The response from the retailer,

1 because we had to go via a retailer to get the data, was,
2 "Why do you want the data?" The answer was, "Because we
3 want the data."
4
5 The retailer then had the indecency to ring another person
6 in our organisation and say, "Why are you requesting
7 the data?" It is none of their business why we are
8 requesting the data.
9
10 Most of the large organisations nowadays are under
11 very strict corporate reporting requirements to ensure that
12 they manage and can report on environmental, energy and
13 every other thing.
14
15 All we are simply trying to make sure is that there is
16 a data service clearly articulated in the access
17 arrangements that means that data can be provided. It is
18 not the retailer's business to be asking why.
19
20 All we are simply requesting here is to make sure that the
21 data flow can happen directly from AGL Networks in
22 whatever format. Some people want realtime, and they will
23 need the extra metering and the extra wiring or whatever.
24 That's fine. But some people just want a flow either on a
25 daily basis after the event or on a monthly basis. There
26 have been a number of occasions on which we have gone to
27 AGL Networks in the past 5 or 10 years or whatever and
28 been told, "Go to the retailer."
29
30 On the odd occasion, you have been very helpful and
31 provided the information when it's obvious that the
32 retailer changed halfway through the period and the
33 retailer couldn't get the full information. We simply want
34 a new service in there, and we need that clearly stated in
35 the access arrangement.
36
37 MR MARTIN: Regarding availability of customer
38 information, the code and the market system provides for us
39 to give that to an authorised requestor. So if you ever
40 come to the Network with authorisation from a customer,
41 then we, under the market systems, will give you that data.
42 That is on an as-requested basis. So that service is
43 there.
44
45 If I understand what you are after, what you are after
46 is - we have a daily process for communicating metering
47 data through to retailers and through to the market, and

1 that is the contractual chain that the end customers deal
2 with, so they deal with the retailers.
3
4 If they want additional meter data services with
5 respect to accessing that information, they do have an
6 avenue available to them to include that in their
7 negotiation with the retailers.
8
9 For the Network to change its philosophy from serving
10 a number of wholesale users, wholesale retailers, to
11 providing a service to the retail market for all the
12 customers, our users' customers, that changes the scope of
13 our services very substantially.
14
15 MR RANDALL: That's fantastic, and you will do it.
16
17 MR MARTIN: What I'm saying is it is a significant issue
18 that is not part of the nature of the core transportation
19 service, which is the service provided to a retailer. All
20 that information that is being requested by the market and
21 the users in compiling the market, is actually available to
22 the relevant parties.
23
24 MR RANDALL: I have no problems with the comments
25 you made in terms of provision of data to the retailers
26 because that's part of the nature of the service and the bi-
27 lateral relationship.
28
29 Point number two, your access arrangement states that
30 anyone who wants access to the data has to get the
31 retailer's permission. That's a no-no. Read the access
32 arrangement.
33
34 Point number three is 50 per cent of the market has
35 basically stated, "Absolutely, we want access to it, we
36 want a new service." The definition of "service" in the
37 code, as I spelt out in my presentation today, basically
38 says that is a service and any service that is required by
39 a significant part of the market should be provided. So we
40 would respectfully request AGL to provide additional
41 service and request the Tribunal to make sure that there is
42 one provided on behalf of all the signatories to the thing
43 today. We want a service whereby people can get direct
44 access to their data, daily, monthly, whatever. It is
45 easily done.
46
47 MR MARTIN: End customers have the opportunity right now.

1 The ones who really want it can connect up and get direct
2 readings from their meter. They can install their own
3 energy management system, or data log, in whatever form
4 they want to collect it, and access can be provided to the
5 meter.
6
7 MR RANDALL: End-users are paying for their data already.
8 They are being charged by the retailers. I'm presuming
9 some form of electronic transmission is done on a daily basis
10 to users of what consumption was used the day before.
11 There's no reason why you can't add some extra people. Not
12 everyone wants to have realtime or can afford to have
13 realtime data. But when you have a system and an access
14 arrangement which charges people for overruns, and there
15 are quite severe penalties - there are not many chances to
16 avoid overruns - but in a system where you have overruns,
17 let me tell you, quite clearly, end-users are absolutely
18 entitled to and should be given every support to make sure
19 that they get direct access to data on a very timely basis
20 and not be reliant on the retailer to do it.
21
22 We know you have to set up something different. There
23 will be some sort of cost involved, one presumes. Just
24 work it out and make sure that you can provide the service
25 as is applicable under the code.
26
27 MR KEATING: Okay. I think we have got the message on
28 that one, again. Are there any other issues before I call
29 on AGL to add anything?
30
31 MR PAGE: I am from TXU. We'd just like to support Phil
32 in his comments there. We think it is important that
33 customers do have access to the data, encouraged by what
34 AGL Networks is saying, and if they can be provided on a
35 fair and reasonable basis we'll be happy with that.
36
37 The only other comment I wanted to make, which
38 probably ties into a lot of other comments made throughout
39 the course of the afternoon, is that we'd be very keen to
40 see as much of the terms and conditions as possible rolled
41 into the access arrangements to mitigate the amount of
42 negotiations required beyond that in transportation
43 agreements.
44
45 Like other people, we have mentioned some difficulty
46 in doing that. We think we have come some way and are
47 happy with the progress. We do believe there is

1 opportunity for AGL Gas Networks and IPART to improve
2 that.

3 MS PEARSON: Anne Pearson, Energy Australia again. I'd
4 just like to reinforce what Bruce said, and I think we've
5 mentioned that in a number of our submissions in the past,
6 about having terms and conditions detailed in the access
7 arrangement. That would be preferable, I think, from our
8 perspective, because what looks like reasonable terms and
9 conditions in the access arrangement, when they are
10 actually translated into a transportation agreement, they
11 can look very different.

12
13 It's our view that if price and the way price can be
14 varied is detailed in the access arrangement, then the
15 other terms and conditions should be as well.

16
17 I just have one more comment on two specific terms and
18 conditions, that is, the liability and indemnity provision.
19 I think we've sort of flogged them to death in our written
20 submissions, but I just thought I would have one last bite
21 at the cherry. In Energy Australia's view, those
22 provisions are not balanced, and they put users such as
23 retailers in very difficult positions because they are
24 being asked to take on risks that they are in no position
25 to meet. You can't always manage them via your own
26 arrangements; it's just not possible.

27
28 In our submissions we have suggested some amendments
29 that could be made, and we would like the Tribunal to
30 reconsider those things because, in our view, in the draft
31 decision, we didn't get much feedback on the Tribunal's
32 rationale for not accepting our arguments. That's all I'd
33 like to say, thanks.

34
35 MR KEATING: If there is nobody else, I will ask AGL if
36 they have anything else to say.

37
38 MR MARTIN: On the liability and indemnity, I guess
39 Allens did have a look at it in comparison to other
40 jurisdictions, and looked at the reasonableness of the words.
41 I guess, importantly, they found that, in general, apart from
42 a couple of points, they found it reasonable.

43
44 It is important to note that in that supply chain AGL
45 gas networks does not have a direct relationship with end
46 customers. It does not have any contractual relationship
47 with upstream parties. It is not able to appropriately

1 transfer that risk in through normal commercial means at
2 all. These are matters that are best addressed at those
3 other interfaces. There is certainly no change from
4 current access arrangements. It's not inconsistent with
5 other jurisdictions.

6
7 MR KEATING: David?

8
9 MR PRINGLE: No, we have no other issues that we need to
10 talk about, if no-one else is going to raise them.

11
12 MR KEATING: Thank you for that. I will now ask Ruth to
13 outline the further processes.

14
15 MS LAVERY: We have our sights fixed on the start date of
16 1 July for the next access arrangement. To that end, we
17 are aiming to get the final report out at the end of April,
18 so we won't be taking any more submissions.

19
20 The plan is the final report will come out at the end of April
21 and AGLGN will lodge complying access arrangement
22 information in the middle of June and hopefully we'll start
23 on 1 July. If you are interested, the transcription for
24 this will be on our web site within the next few days.
25 Thank you.

26
27 MR KEATING: I'd like to just conclude by thanking you
28 all for your participation today. It has been helpful, even
29 though we did seem to be talking at cross-purposes on
30 occasions. I think it has been helpful in clarifying
31 issues for us.

32
33 I would just like to say, which many of you would
34 know, but I will just repeat it, in considering how we
35 respond to various points that have been made to us, it
36 needs to be remembered that we have to abide by the gas
37 code. In that sense, we're not at liberty, if you like, to
38 put together our own best version or preferred version,
39 for example, of an access regime. It has to be one that's
40 consistent with the gas code. It may be, in due course,
41 that the gas code will be amended. That's not our
42 responsibility. It is something which would, in the end,
43 come down to ministers for energy to determine if they
44 want to amend the gas code.

45
46 For our part, we have to have regard to the gas code
47 and be consistent with the gas code. I just want to put

1 that on record in terms of what our eventual decision will
2 be. Again, thank you all very much, the meeting is now
3 closed.

4
5 AT 4.20PM THE FORUM WAS ADJOURNED

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47