

# EnergyAustralia - Submission to Gas Distribution System Code of Practice review: Issues Paper

## Submission received through Engage Victoria

From 21 March to 4 May 2023, the commission accepted submissions on our Issues Paper for the Gas Distribution System Code of Practice review via Engage Victoria. On the 20 April 2022 we hosted a public stakeholder information session on the project. We will use these submissions to inform our draft decision.

Only consultation questions with a response are included.

## Date submitted: 4 May 2023

### 1. Overall, do you support the scope of our proposed review of the code?

Yes, the review seems appropriate based on the anticipated change in the gas industry.

### 2. Are the proposed criteria in our assessment framework appropriate?

EnergyAustralia agrees with the proposed assessment framework.

### 3. Do you consider the current connections framework for gas retail customers appropriate? Why or why not?

We believe the connection framework should be amended to include a requirement for networks to consider a more equitable allocation of connection charges to the requesting customer, as a more reflective cost will be presented to the customer for them to consider. This may not mean the entirety of the connection charge would be payable (as this may discourage growth), but would ensure that subsidisation from the wider customer base is not absorbing more network costs when there are significant longevity and recoverability concerns.

### 4. What options should we consider when reviewing the connections framework for gas retail customers?

Distribution networks should be required to consider connection charges, where the connection exceeds a cost threshold (e.g. if the connection will cost >\$1,000) they must

assign reasonable costs to the consumer. These reasonable costs do not necessarily need to be any amount greater than \$1,000, but need to consider the recoverability of the customer's connection; this could see a large business pay a reduced amount, as their consumption will reduce the total cost incurred by the wider gas customer base, and the inverse for a small customer wishing to connect.

**5. Do you agree with the introduction of obligations to provide information to customers about changes in the type of gas supplied?**

Yes, EnergyAustralia believes it is warranted and reasonable for distribution networks to advise their customers regarding the gas blends that they are transporting through their networks. Ultimately, the initial inclusion of hydrogen will be at the discretion of the distribution networks, as they investigate the feasibility of hydrogen inclusion in their network, therefore, it is reasonable that they are the party responsible for notifying impacted customers.

**6. Are there other options to introducing equivalent obligations proposed for the National Energy Retail Rules that we should consider?**

The NERR will require changes to their model terms and conditions for market and standard retail contracts that customers may receive a blend of gases. We think this is a reasonable inclusion for Victorian customers.

**7. Should we remove the overlap of metering obligations in the code and in Part 19 of the National Gas Rules?**

We agree that the metering obligation in the code should mirror those in Part 19 of the National Gas Rules. Metering requirements for non-declared parts of the Victorian gas network should be the same as those for declared parts.

**8. What options to the regulation of metering requirements for non-declared distribution systems should we consider?**

EnergyAustralia believes that distribution networks in the non-declared distribution systems should comply with the same Declared Wholesale Gas Market metering requirements as declared distribution systems.

**9. Do you consider that the current arrangements for deemed distribution contracts and customer obligations results in uncertainty for customers and industry that is burdensome or harmful?**

We do not believe there is a notable risk; however, we are wary to suggest there is none, and as this relates to safety, we would err on the side of caution.

**10. Should we include customer obligations and prohibitions in the code?**

We would support the inclusion of customer obligations in the code, but question the need if there are no obligations to date and with a forecast reduction in the demand for gas in the future.

**11. Do you have any views on the removal of Part D of Schedule 1 from the code?**

We agree with the ESC's view that Part D should be removed to allow for the implementation of zonal heating values, regulated solely by AEMO's Wholesale Market Metering Procedures.

**12. Do you have any views on the removal of Schedule 3 from the code?**

EnergyAustralia does not have a view on this question.

**13. Are any clarifications needed in relation to disconnection and reconnection obligations?**

EnergyAustralia does not have a view on this question.

**14. Should we specify clearer timeframes for when Guaranteed Service Levels payments must be made?**

Victoria's Guaranteed Service Levels exceed those outside of Vic, as they rightly should based on the prevalence and importance of gas consumption in Victoria. Confirming the timeframes will provide certainty to customers that any failure to meet adequate service will be compensated in a timely manner.

**15. Are there any further consequential changes to the code required due to the recent amendments to the National Gas Rules relating to distribution connected facilities?**

EnergyAustralia does not have a view on this question.

**16. What factors should we account for when considering our role in the framework for setting unaccounted for gas benchmarks in Victoria?**

We do not believe there would be any capital investment consequences from a lower UAFG benchmark. Distribution networks should not be able to meet the prudent investment requirements of their AER approved Access Arrangements if they are investing to improve their network outside of the regulatory requirements (including that of the safety regulator Energy Safe Victoria).

Ultimately, much of the UAFG comes from meter reading and recording inaccuracies and not from degraded pipes, therefore, it is not normally something that would require capital investment, instead only requiring greater oversight and an increased appetite for quality assurance.

We believe it is reasonable for the UAFG to represent not only Victoria's climate change mitigation objectives, but also a reconsideration for what should be deemed reasonable when considering the investment distribution networks have spent to improve the quality of their networks. It seems perverse that Victorian gas customers do not receive a benefit of a lower UAFG when they have had almost complete replacement of cast iron and porous gas pipelines in some distribution networks. We request the ESCV to consider amendments to the UAFG calculation to factor in the expected improvement from network investment, and for this to be a component of the calculation similar to how historical UAFG is a contributor.

**17. What factors should we consider when assessing whether or not to assign obligations in the code as civil penalty requirements?**

EnergyAustralia does not have a view on this question.

**18. Do you have any views on our proposed approach in relation to compliance and performance reporting obligations?**

EnergyAustralia does not have a view on this question.

**19. Can you identify any other changes we may need to make as a consequence of remaking the Gas Distribution System Code of Practice?**

EnergyAustralia does not have a view on this question.

**20. Are there any other issues we should consider as part of this review?**

EnergyAustralia does not have a view on this question.