

Mr Rasmus Moerch  
Assistant Director Licensing  
Economic Regulation Authority  
PO Box 8469  
PERTH BC WA 6849

27 June 2014

Dear Rasmus

**RE: Proposed amendment by substitution of Gas Distribution and Trading Licences**

I refer to the Authority's letter dated 30 May 2014 advising of the proposed amendments to gas distribution licence (**proposed amendments**). ATCO Gas Australia has reviewed the proposed amendments and wishes to make a submission on the proposed changes to clause 2 of Schedule 3 of the gas distribution licence (**GDL**).

The proposed amendments to clause 2 of Schedule 3 of the GDL replace the reference to section 5.9 of the *National Access Code* with rules 111(3) through to (8) of the *National Gas Rules*, which govern the establishment and maintenance of the service provider's register for spare capacity.

ATCO Gas Australia has reviewed the above amendments, and notes that the key change is the introduction of the requirement to provide access to the register for spare capacity on service provider's website in rule 111(8) of the *National Gas Rules*.

ATCO Gas Australia submits that rule 111(8) should not apply to distribution service providers as –

- distribution network is substantially different to a transmission pipeline, and it is not commercially reasonable for distribution service providers to maintain current capacity data on their websites;
- users and prospective users are currently provided with adequate and effective access to network capacity information; and
- the publication of the register on service providers' websites provide limited value and may potentially mislead users or prospective users.

As stated in the *National Access Code* and *National Gas Rules*, the requirement to establish the public register for spare capacity applies primarily to transmission pipelines. Transmission pipelines generally consist of a large diameter pipeline with clearly defined receipt and delivery points operating at high pressure. Their pipeline capacity and spare





capacity are relatively stable due to the size of transmission pipelines, and also because their spare capacity can be calculated by reference to contracted capacity (plus any unutilised contracted capacity advised by a user). Therefore, it would be reasonable for transmission service providers to publish pipeline capacity on their website as it does not change substantially from year to year.

While the requirement to maintain and publish a register for spare capacity may also apply to distribution pipelines by determination of the Authority, rule 111(2) of the National Gas Rules states that the Authority must have regard to whether it is technically feasible and commercially reasonable for the distribution service provider to maintain a register of spare capacity when making the determination.

Distribution network is a system of non-contiguous gas distribution pipelines and associated facilities. ATCO Gas Australia owns and maintains Western Australia's largest distribution network servicing the Perth greater metropolitan area and regional centres including Geraldton, Kalgoorlie, Bunbury and Albany. These comprise in excess of 13,500 kilometres of high pressure, medium pressure, medium pressure/low pressure systems, and low pressure gas distribution pipelines. Gas is delivered into each of these sub-networks from 15 receipt points immediately downstream of meter stations on the Dampier to Bunbury natural gas pipeline, and from one receipt point on the Parmelia Pipeline. As a geographically dispersed network of non-contiguous gas distribution pipelines, operating at different pressures, the distribution network does not have a defined capacity, and making forecasts of network capacity is not practicable.

In contrast with transmission pipelines, distribution service providers do not generally have set contracted capacity with users, so the calculation of spare capacity requires significant resources involving individual engineering modelling for each selected delivery point taking into account network design, historical consumption data and demand forecast. The footprint of a distribution network is dynamic and the calculated spare capacity at any selected delivery point will change with the changing footprint. Due to the substantially smaller size and capacity of distribution pipelines, spare capacity at a given delivery point can materially fluctuate, and the modelled pipeline spare capacity data can quickly become out-dated.

ATCO Gas Australia is of the view that there is limited benefit in making the register of spare capacity available on distribution service provider's website, unless the register can be kept up to date as users, prospective users and the public may rely on out-dated information. However, ATCO Gas Australia submits that it would not be commercially reasonable to require distribution service providers to update the spare capacity data throughout the year due to the dynamic nature of distribution pipeline, and the significant modelling resources required. It would be more effective to provide the spare capacity data to users and prospective users upon request based on specific delivery points.

As opposed to publishing the register on a website, ATCO Gas Australia believes that the current arrangement for providing network capacity information to users and prospective users is more effective. Currently, distribution service providers are required to offer to connect pursuant to clause 3 of Schedule 3 of the GDL, and retailers request new gas connections for its small use customers assuming capacity exists. With





connection requests/enquiries for medium to large commercial users and industrial users (B1, A1 and A2 customers), ATCO Gas Australia would assess the pipeline capacity on the specific location and advise the retailers accordingly. ATCO Gas Australia is of the view the current arrangement for communicating network capacity is effective, and there is no benefit in the publication of the register of spare capacity on distribution service providers' website.

ATCO Gas Australia has also conducted a review of distribution service providers' websites in other States and Territories, and has not identified any other distribution service provider in Australia that publishes its register of spare capacity on its website. Further, ATCO Gas Australia is not aware of any other distribution service provider in Australia (other than in Western Australia) being required to maintain a register of spare capacity pursuant to rule 111 of the National Gas Rules.

ATCO Gas Australia submits that clause 2 of Schedule 3 of the GDL not be amended to require distribution service providers to comply with rule 111(8) of the *National Gas Rules*.

Should you have any queries in respect of the information provided, please do not hesitate to contact me by phone on 6163 5051 or email: [tony.yiu@atcogas.com.au](mailto:tony.yiu@atcogas.com.au).

Yours sincerely,

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