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Dear Paul

Draft Gas Compliance Reporting Manual

The Economic Regulation Authority (Authority) is seeking comments on the Draft Gas Compliance Reporting Manual (Reporting Manual), which has been prepared for gas trading and distribution licensees.

Alinta welcomes the opportunity to make comment on the Authority's Reporting Manual. This submission is made on behalf of Alinta Gas Networks and Alinta Sales (the businesses) and it is structured into two parts – compliance reporting; and operational and performance reporting.

Compliance Reporting

The businesses consider the criteria for classification of regulatory obligations in Section 4.2 as fair and reasonable. However, Alinta considers the requirement on licensees (Section 4.1) to provide the first report to the Authority on or before 31 August 2007 as unreasonable.

The implementation process of the Reporting Manual within the businesses would comprise identifying the responsible person for each of the listed obligations in Section 7 of the Reporting Manual; developing appropriate questionnaires seeking assurances from the responsible persons that the business has complied with the relevant obligations and where breaches have been identified obtain the required details; providing reasonable time for the responsible officers to respond on the level of compliance; consolidation of the responses into a compliance report; and final senior executive officer sign off.

To prepare a compliance report in accordance with section 4.4 and *with all due care and skill in full knowledge of the obligations*¹, businesses request the Authority provide licensees with reasonable time to implement the Reporting Manual. The businesses propose that the first compliance report be prepared for the reporting year ending June 2008 and submitted on or before 31 August 2008. In any case, non compliance of a Type 1 obligation would have to be reported immediately to the Authority and therefore there is little risk of a major non compliance going unreported.

Operational and Performance Reporting

In Section 3.3 of the Reporting Manual, the Authority notes that systems may require modification and therefore accepts that reasonable time may be required to comply with the new performance reporting requirements. However, it expects licensees to achieve full compliance for reports prepared in relation to the reporting year ending 30 June 2008.

In the businesses' view, full compliance for reports relating to reporting year ending 30 June 2008 may not be possible. The businesses will only be able to report those operating and performance data that they currently capture. The businesses will begin capturing the remainder of the required data, subject to the constraints mentioned below, following the finalisation of the Reporting Manual.

Specific issues relating to the operational and performance data required by the Authority in Sections 14.1 and 14.2 are as follows:

Section 14.1 - Figures 2, 3, 4, 5 and 6

Alinta Sales currently captures the data required in Figures 2 to 6. However, its current reports do not differentiate direct debit cancellations or disconnections due entirely to non-payments. To obtain the required data for Figures 4, 5 and 6, Alinta Sales would have to redevelop system reports to extract the data from its database. This is not an undemanding task. Alinta Sales will use its best endeavours to obtain all the requisite data for reporting year ending 30 June 2008 and is reasonably confident that it will be able to meet the deadline.

Alinta Sales notes in the Reporting Manual, gas trading licensees have the option to report some of the indicators in section 14.1 on a voluntary basis for the reporting year ending 30 June 2007. Alinta Sales will endeavour to send as much of the data it can pull together to the Authority by 30 September 2007.

Section 14.2 - Figures 10, 11, 15

Alinta Gas Networks (AGN) wish to notify the Authority that it is not practical to capture some of the information required in Section 14.2. For example, AGN classifies its distribution outlet points by meter capacity² reflecting the Reference Services being

¹ Section 5 Compliance Report Template, Draft Compliance Reporting Manual

² Refer to the Annual Information Returns AGN provides the Authority. Distribution outlet points are classified into:
- Gas meters with capacity $\leq 6\text{m}^3$
- Gas meters with capacity $> 6\text{m}^3$ and $\leq 12\text{m}^3$

provided at that delivery point in accordance with the Access Arrangements, rather than referring to the status of the end use customer. A gas meter with capacity $\leq 6\text{m}^3$ is generally installed at a domestic installation. Therefore, AGN considers that all customers with a gas meter with capacity $\leq 6\text{m}^3$ could be deemed to be domestic customers for the purposes of Operational and Performance Reporting.

AGN proposes that domestic and non domestic customers are distinguished by meter types (or tariff) and that it intends to apply this rule to the all the data required in Figures 10, 11, 15 and 18.

Section 14.2 - Figure 15 – Network Performances

Unplanned outages affecting more than one customer may affect both domestic and non domestic customers and therefore it is not always practical to classify an outage into these categories. AGN proposes that it will only provide unplanned outages data without differentiating the data into domestic or non domestic categories. However, it will be able to identify the cause of an unplanned outage; and identify unplanned outages affecting one customer and those affecting 5 or more customers. It is worth mentioning that AGN currently does not capture the data in the format required by the Authority. AGN will implement manual recording systems to capture the requisite data; however the data integrity is at risk when it is not an automated recording system.

AGN does not have the IT systems to capture the performance indicators DF9³ and DF10⁴ and therefore will not be able to provide the information. Given that AGN will be providing data on the frequency of unplanned interruptions affecting a customer via the performance indicator DK5⁵, it believes it is not prudent to spend resources to modify IT systems to capture this information.

AGN proposes that only planned interruptions in relation to gas mains replacement be included in the measure DF11⁶. Additionally, AGN will assign average interruption duration of 360 minutes for each planned customer outage.

It is worth noting that in Victoria planned interruptions as those interruptions relating to gas service and mains renewals and excludes planned interruptions associated with time expired meter changes. Consistency is important if the data is also intended to be used in national gas industry comparative performance reports.

Section 14.2 - Figure 16 – Network Reliability

AGN currently assigns average interruption duration of 60 minutes for each unplanned service outage when calculating SAIDI because it is not practical to capture actual interruption time. For unplanned mains outage the actual outage time is used in the calculation.

- Gas meters with capacity $>12\text{m}^3$

³ Number of customers affected by 3 or more unplanned outages within the reporting period

⁴ Number of customers affected by 6 or more unplanned outages within the reporting period

⁵ GSL guaranteed service level payments for more than 4 unplanned interruptions

⁶ Number of planned customer interruptions

Section 14.2 - Figure 18 – Complaints

AGN currently does not differentiate or classify complaints into domestic or non domestic categories. There is no system tool to efficiently verify and record if a complaint is residential or non residential. The number of complaints registered per year for AGN is low (approximately 30 per annum). It would not be prudent for AGN to modify IT systems to capture this information. Moreover, AGN receives and records complaints from members of the public who are not customers of AGN and these complaints would not fall into either of the two categories. Therefore, AGN proposes that it will only provide complaints data with no separation of the data into domestic or non domestic categories, but it will be able to differentiate the complaints by the type of complaints.

Section 14.2 - Figure 19 – Guaranteed service level payments

AGN understands that the reporting period is the financial year ending 30 June, however the performance indicators FK5 and DK6 is asking for data in a calendar year. AGN proposes that it to provide the data for the reporting year ending 30 June.

Should the Authority require clarification on any of the matters discussed in this submission, please contact Siva Moorthy on (03) 8544 9442.

Yours sincerely

Siva Moorthy
Manager Network Regulations and Compliance