

2006/07 Annual Performance Report Gas Distribution and Trading Licences

October 2007

Economic Regulation Authority

 WESTERN AUSTRALIA

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Executive Summary

This is the first report on the performance of the gas distribution and gas retail market in Western Australia published by the Authority. The primary purpose of this report is to provide the reader with an overview of the gas distribution and gas retail markets in Western Australia, including the size of the market, the participants in the market and the amount of gas supplied. The information presented in this report has been derived from the information reporting obligations in the licences that were current until 30 June 2007.

Part 2A of the *Energy Co-ordination Act 1994 (Gas Act)* requires businesses that intend to distribute or retail gas to small use customers¹ to be licensed by the Authority. By 2006 the gas market in Western Australia had evolved into 6 stand alone gas supply networks ranging in size from 285 to 550,000 connections. Each network is operated by a single monopoly business that provides distribution and retail services under two licences, sometimes held by different subsidiaries.

Alinta, through its subsidiaries AlintaGas Networks and Alinta Sales, is the dominant business in the gas market holding 3 licences that cover the Coastal (Geraldton to Busselton), Goldfields-Esperance (Kalgoorlie) and Great Southern (Albany) operating areas. The Alinta business operations account for 99.86% of all residential gas connections and 99.85% of all gas sold to small use customers.

Wesfarmers Kleenheat Gas operates 2 small LPG gas distribution and retail businesses in Margaret River (285 connections) and Leinster (351 connections).

Worley Parsons, through its subsidiaries Esperance Power Station and Worley Parsons Asset Management, operates a single natural gas distribution and retail business in the Esperance town site. The Esperance network commenced operation in 2006 and currently supplies 197 customers.

In the 3 years to 30 June 2006, the gas market in Western Australia experienced overall growth of 5.8% in the number of connected properties to 562,270. Growth in the residential market was 5.9% (to 553,921), but the non-residential market fell by 0.5% (to 8,349). The non-residential market was subject to a large variation between 2005/06 (10,136) and 2006/07 (8,349), suggesting a change in the classification of some non-residential customers has taken place.

The total amount of gas transported annually on distribution networks over the 3 years to 30 June 2007 varied between 31,499TJ and 33,139TJ. Natural gas accounts for approximately 99.4% of all gas transported. The amount of gas transported each year is dependent on a number factors, particularly seasonal temperatures. The consumption of both natural gas and LPG peaked in 2005/06 at 32,944TJ and 195TJ respectively. Average annual gas consumption per residential customer varied from between operating areas and by seasonal factors. The highest 3 year consumption level was recorded in Leinster (44.7GJ per annum) and the lowest 3 year consumption levels was recorded in Margaret River (15.7GJ per annum).

Between 2004/05 and 2006/07, the total length of natural gas mains installed grew by 4.3% to 12,157km. The AlintaGas Networks mains in the Coastal operating area (11,985km) accounts for 98.6% of the total. LPG mains grew by 3.1% to 171km over the same period. The AlintaGas Networks LPG mains in Albany account for 87.6% of total length of installed LPG mains.

¹ A small use customer consumes less than 1TJ of gas per annum

Alinta Sales was the only retailer to receive any customer complaints during the reporting period. The level of customer complaints recorded in the three operating areas served by Alinta Sales has fallen by 69% over the reporting period. This fall in recorded complaints was consistent across all three operating areas.

The Authority completed a review of gas distribution and trading licences in June 2007 and published the Gas Compliance Reporting Manual (**Manual**)² in September 2007, which includes the information reporting obligations for gas distribution and trading licensees. The information reporting obligations for gas retailers are based on the 2006 SCONRRR Report³, which will facilitate inter-state comparison and benchmarking, particularly for the Alinta coastal operating area. The information reporting obligations for gas distributors have incorporated a sub-set of the performance indicators for Victorian Gas Distribution Companies⁴. This approach will facilitate comparison and benchmarking of WA gas distributor performance with that of distributors in other States.

Purpose of the Report

This is the first report published by the Authority that examines the performance of gas distributors and gas retailers in Western Australia that are licensed by the Authority.

The purpose of annual performance reporting is to introduce transparency and accountability to the performance of gas distribution and gas trading licensees and to benchmark, where possible, performance against similar businesses in other domestic markets.

This report focuses on performance data contained in the annual information returns⁵ provided to the Authority by gas distribution licensees and gas trading licensees based on the now superseded licences. The report also presents data, where available, for the two years preceding the current reporting year to identify time series trends for selected performance indicators. The performance indicators in the old form licences are in a format that makes it difficult to compare the performance of WA licensees with similar businesses in other jurisdictions. Consequently the purpose of this report is to provide the reader with information about the size of the WA gas market, businesses participating in the market and some, limited, information about the performance of these businesses.

Gas Market Structure

The licensing framework in Western Australia captures businesses that are involved in the supply of gas through a reticulated network. The operators of the reticulation network are required to hold a gas distribution licence and the business that retail gas to customers are required to hold a gas trading licence. In practice, the Western Australian market is characterised by a number of stand alone supply networks that are supplied by a single distributor and a single retailer. The distribution licence and the retail licence are held by subsidiaries of the same business.

² The Manual is available on the Authority's web site: http://www.era.wa.gov.au/2/319/51/regulatory_guid.pm

³ Utility Regulator's Forum: Steering Committee on National Regulatory Reporting Requirements (Retail Working Group) - National Energy Retail Performance Indicators, November 2006

⁴ Essential Services Commission and the Office of Gas Safety Victoria: Information Specification Requirements for Reporting by Victorian Gas Distribution Companies, December 2004

⁵ Schedule 3 of gas distribution licences and Schedule 4 of gas trading licences prescribe the indicators to be reported in the annual information returns. See Appendices 1 and 2 for more details.

The Western Australian gas market is dominated by the business units of Alinta Ltd, the former State owned monopoly. AlintaGas Networks operates 99.5% of the installed gas mains and 99.86% of residential gas connections. Alinta Sales retails to 99.85% of all small use customers (who consume <1TJ per annum).

In July 2007 the monopoly nature of the gas market has been changed by the entry of Synergy (the largest electricity retailer in the State) into the two largest markets covering the Coastal and Goldfields-Esperance operating areas, which incorporate the coastal population centres from Geraldton to Busselton and Kalgoorlie-Boulder. The entry of Synergy into the gas retail market follows from the changes to the Gas Market Moratorium⁶ in July 2007 that reduced the contestable customer consumption threshold from 1TJ to 0.18TJ per annum.

There are 3 small isolated markets in the State. Wesfarmers Kleenheat Gas operates a LPG distribution and retail business in Margaret River and Leinster (which is operated under contract to a resources company). Worley Parsons commenced operation of a natural gas distribution and retail business in the Esperance town site in 2006.

The natural gas that is shipped from on the three gas pipelines⁷ in the State contributed 99.4% of the 31,500TJ of gas that was supplied by gas distributors in 2006/07. The remaining 0.6% (184TJ) of gas supplied is LPG that is shipped to the point of supply by containerised transport.

Licensing Framework

Gas licensing is regulated by the *Energy Coordination Act 1994 (Gas Act)*. Part 2A of the Gas Act deals with the licensing of gas supply. The functions of the Authority⁸ in respect of licensing are to:

- Administer the licensing scheme.
- Monitor and report to the Minister for Energy on the operation of the licensing scheme and the compliance of licensees with their licences.
- Inform the Minister of any failure by a licensee to meet the requirements of it's licence.

The Act prescribes two classes of gas supply licence:

- 1) Distribution, which authorise the licensee to construct a distribution system and transport gas through it or to transport gas through an existing distribution system.
- 2) Trading, which authorise the licensee to sell to small use⁹ customers gas which is transported through a distribution system.

Licensees apply to designated supply areas, which need not be contiguous. A separate licence is needed to operate in each discrete supply area.

⁶ More information on the Gas Market Moratorium and related issues can be found on the Office of Energy's web site: http://www.energy.wa.gov.au/2/3177/64/gas_market_mora.pm

⁷ Dampier Bunbury Gas Pipeline, Goldfields Gas Pipeline (with the Kambalda to Esperance Extension) and the Parmelia Gas Pipeline

⁸ Section 11AA of the Act

⁹ A small use customer is defined as a customer who consumes less than 1TJ of gas per annum

Gas Distribution Licensees

There are three gas distributors in Western Australia: AlintaGas Networks, Esperance Power Station and Wesfarmers Kleenheat Gas.

AlintaGas Networks holds a licence (GDL8) to operate distribution systems in the Coastal¹⁰ and Goldfields-Esperance¹¹ and Great Southern supply areas. The Coastal and Goldfields-Esperance systems supply natural gas and the Great Southern system supplies Liquefied Petroleum Gas (LPG) in Albany.

Esperance Power Station holds a licence (GDL10) to operate a distribution system in the Goldfields-Esperance supply area. Esperance Power Station operates a single natural gas system in Esperance.

Wesfarmers Kleenheat Gas holds a licence (GDL9) to operate distribution systems in the Goldfields-Esperance and Coastal supply areas. Wesfarmers operates two small LPG systems in Leinster and Margaret River.

Gas Trading Licensees

There are four gas retailers in Western Australia: AlintaGas Sales, Synergy, Wesfarmers Kleenheat Gas and Worley Parsons Asset Management.

AlintaGas Sales holds a licence (GTL9) to retail gas in the Coastal, Goldfields-Esperance and Great Southern supply areas. AlintaGas Sales retails gas in the areas that are supplied by the AlintaGas Networks distribution system.

Synergy holds a single licence (GTL8) to retail in the area defined by the South West Interconnected System¹² supply area. Note that, because the licence was not granted until 26 June 2007, no data is available from Synergy for 2006-07.

Wesfarmers Kleenheat Gas holds a licence (GTL10) to retail gas in the Coastal and Goldfields-Esperance supply areas. Wesfarmers retails gas in the areas that are supplied by its LPG distribution system.

Worley Parsons Asset Management holds a single licence (GTL11) to retail gas in the Goldfields-Esperance supply area. Worley Parsons retails gas in the areas that are supplied by the Esperance Power Station distribution system.

Gas Distribution and Trading Licence Review

In October 2006, the Authority commenced a review of the standard form gas distribution and trading licences. The objectives of the review were to:

- reflect the current regulatory environment and promote consistent regulation across the energy sector;
- enhance consumer protection and improve compliance;

¹⁰ The Coastal supply area includes the Perth metropolitan area and the coastal strip from Busselton to Geraldton

¹¹ At the time of writing AlintaGas operates a single distribution system in Kalgoorlie-Boulder area

¹² The South West Interconnected System supply area takes in the south western corner of the State from Kalbarri to Bremer Bay, including Kalgoorlie-Boulder

-
- reduce the regulatory burden on business (particularly by removing spent, redundant or inappropriate licence provisions) and reduce compliance costs; and
 - utilise best practice principles of utility licensing.

The outcome of the review was the development of new standard form licence templates for gas distribution and trading licences¹³. The Authority has now completed the process of substituting the old licences with new licences based on the new standard form template.

The new standard form licences contain a condition requiring the licensee to provide information to the Authority in connection with the Authority's functions under the Act. The Authority has defined the compliance and performance information that it requires licensees to provide in the Gas Compliance Reporting Manual (**Manual**). The Authority issued a draft Manual (Manual) for public comment in July 2007 and issued the final version of the Manual on 20 September 2007. The Manual incorporates annual performance information reporting obligations for both distribution and trading licences in the form of data tables.

The annual performance information provided by licensees will form the basis for future performance reports. The transitional provisions in the Manual require licensees to submit performance reports for the 2008 reporting year on a best endeavours basis, with full reporting commencing in 2009. This approach gives licensees time to implement data collection systems that are consistent with the performance reporting framework set out in the Manual.

The performance reporting indicators for gas trading licences contained in the Manual incorporate the performance reporting indicators contained in the National Energy Retail Performance Indicators document published by the SCORRRR in 2006¹⁴ (**2006 SCORRRR Report**). Adopting the SCORRRR indicators will provide a platform for comparing the performance of WA gas trading licensees with gas retailers in other jurisdictions. The electricity compliance reporting manual requires WA electricity retailers to report on the SCORRRR indicators, which opens up the potential to compare gas and electricity retailer performance within the WA market.

The performance reporting indicators for gas distribution licences contained in the Manual are a combination of the performance indicators contained in Schedule 3 of the existing licences and a sub-set of the performance indicators for Victorian Gas Distribution Companies¹⁵. This approach will facilitate comparison of WA gas distributor performance with that of distributors in other jurisdictions.

¹³ More information can be obtained from the Authority's web site at http://www.era.wa.gov.au/3/323/51/review_of_gas_t.pm

¹⁴ Utility Regulator's Forum: Steering Committee on National Regulatory Reporting Requirements (Retail Working Group) - National Energy Retail Performance Indicators, November 2006

¹⁵ Essential Services Commission and the Office of Gas Safety Victoria: Information Specification Requirements for Reporting by Victorian Gas Distribution Companies, December 2004

GAS DISTRIBUTOR PERFORMANCE

Customer Connections

The number of customer connections on the gas distribution networks is defined in terms of the number of installed meters with a specified capacity. Generally meters with a capacity in excess of 6m³ supply non-residential users, but this is not always the case.

Table 1: Number of gas meters installed

Licensee	Operating Area	Type of Meter ¹⁶	Number of gas meters installed		
			2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	<= 6 m ³	513,889	536,061	555,901
		6 – 12 m ³	6,559	5,782	6,185
		> 12 m ³	1,242	1,258	1,276
	Goldfields - Esperance	<= 6 m ³	4,525	4,993	5,278
		6 – 12 m ³	69	54	53
		> 12 m ³	10	11	13
	Great Southern (LPG)	<= 6 m ³	5,542	5,840	6,006
		6 – 12 m ³	53	39	41
		> 12 m ³	10	12	11
Wesfarmers Kleenheat Gas	Leinster (LPG)	<= 6 m ³	347	347	347
		6 – 12 m ³	4	4	4
		> 12 m ³	1	1	1
	Margaret River (LPG)	<= 6 m ³	209	271	284
		6 – 12 m ³	0	0	0
		> 12 m ³	1	1	1
Esperance Power Station	Goldfields - Esperance	<= 6 m ³	N/A	N/A	181
		6 – 12 m ³	N/A	N/A	11
		> 12 m ³	N/A	N/A	5
State Total	<= 6 m ³	524,512	547,512	567,997	
	6 – 12 m ³	6,685	5,879	6,294	
	> 12 m ³	1,263	1,283	1,307	

Until the 2006/07 reporting year there were only 2 gas trading licensees: AlintaGas Networks and Wesfarmers Kleenheat Gas. By 2006 Esperance Power Station had constructed a natural gas distribution network in Esperance and begun to retail gas to small and large use customers via sister company Worley Parsons Asset Management.

By 2006/07 there were a total of 575,598 customer connections, of which 98.68% were fitted with meters with a capacity of up to 6m³.

The Western Australian gas distribution market is dominated by AlintaGas Networks, which accounted for 99.86% of metered connections with a capacity of up to 6m³ and 99.71% of metered connections with a capacity greater than 6m³. by 2006/07. The

¹⁶ In general terms meters with a badged capacity over 6 m³ are used for non-residential purposes

AlintaGas Networks Coastal licence area, which takes in the Perth metropolitan area, accounted for 97.87% of metered connections with a capacity of up to 6m³ and 98.16% of metered connections with a capacity greater than 6m³. In 2006/07 LPG distribution networks account for only 1.17% meter connections with a capacity of up to 6m³ and 0.8% of meter connections with a capacity greater than 6m³.

The number of meters with a capacity of less than 6m³ has grown by 8.3% over the 3 year period ending 2006/07 whereas the number of meters with a capacity greater than 6m³ has fallen by 4.4% over the same period. No information is available to explain the reduction in the larger meters, particularly those with a capacity of 6-12m³.

Gas Transported

Gas distributors measure the amount of gas transported on their networks by measuring the flow of gas in cubic meters. This is then converted to an equivalent energy value using standard heating values (GJ/m³) for the gas.

Table 2: Amount of gas transported on distribution networks

Licensee	Operating Area	Amount of gas transported (GJ)		
		2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	31,481,593	32,780,978	31,129,530
	Goldfields -Esperance	139,177	162,610	168,192
	Great Southern (LPG)	158,595	170,918	161,906
Wesfarmers Kleenheat Gas	Leinster (LPG)	17,310	18,579	16,278
	Margaret River (LPG)	4,455	5,697	5,533
Esperance Power Station	Goldfields - Esperance	N/A	N/A	17,900
Total natural gas transported		31,620,770	32,943,588	31,315,622
Total LPG transported		180,360	195,176	183,717

Natural gas is the dominant type of gas transported on distribution networks, accounting for 99.42% of all gas transported in 2006/07. The 3-year trend for both natural gas and LPG systems is variable with both peaking in 2005/06 due to the cold winter. This is consistent with the profile of peak demand for gas on the natural gas distribution networks, i.e. the amount of gas transported during the one hour period of highest demand. For the AlintaGas Networks Coastal operating area the 2005/06 peak demand was 11,939GJ/hr.

Unaccounted for Gas

Unaccounted for gas (**UFG**) is a measure of network efficiency for gas distribution networks. It represents the difference between gas metered at the input to the distribution network and the gas usage billed to customers. The two most common contributors to UFG are leaks and metering errors. The amount of UFG can be reduced by maintaining the distribution network so as to reduce the level of leaks and other gas loss events.

Table 3: Unaccounted for gas in distribution networks in 2006/07

Licensee	Operating Area	Unaccounted for gas (GJ) (% of total gas transported)
AlintaGas Networks	Coastal	574,134 (1.84)
	Goldfields -Esperance ¹⁷	13,744 (8.17)
	Great Southern (LPG) ¹⁸	33,388 (20.62)
Wesfarmers Kleenheat Gas	Leinster (LPG)	138 (0.85)
	Margaret River (LPG)	666 (12.0)
Esperance Power Station	Goldfields - Esperance	0 (0.0)

Table 3 shows that UFG as a proportion of the total gas transported varies from just under 1% to over 20%. It should be noted that the licence does not set targets for the level of UFG, and licensees are not required to provide additional information on the causes of UFG.

Distribution Network Profile

The distribution network profile for gas distribution networks comprises two parameters: the total length of gas main and the number of distribution outlets per km of gas main.

Table 4 shows that the coastal supply network operated by AlintaGas Networks dominates, accounting for 97.2% of all installed mains. The coastal network has grown by 4.3% over the 3 years to 2006/07.

Leinster is a closed mining town operated by a mining company, which has not grown over the reporting period. Esperance Power Station is a new network that commenced operation in 2006.

Comparing Table 4 with

Table 5 shows the number of distribution outlets per km of gas main has grown despite the total length of gas main also increasing. There is insufficient data to determine, over the reporting period, the proportion of the increased outlet density due to a higher density of connections on the extended parts of the distribution network and the proportion due to additional outlets added to existing network.

¹⁷ AlintaGas Networks have informed the Authority that it is currently investigating possible discrepancies in the measurement of gas entering the distribution network as being the cause of the high level of UFG

¹⁸ AlintaGas Networks have informed the Authority that the level of UFG in Albany has been historically high. The high level of UFG is primarily attributed to the age of the distribution infrastructure in the town.

Table 4: Length of gas mains in each operating area

Licensee	Operating Area	Length of gas mains (km)		
		2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	11,491	11,745	11,985
	Goldfields -Esperance	170	171	172
	Great Southern (LPG)	146	148	150
Wesfarmers Kleenheat Gas	Leinster (LPG)	11.5	11.5	11.5
	Margaret River (LPG)	8.5	9.7	9.7
Esperance Power Station	Goldfields - Esperance	N/A	N/A	35.2
Total natural gas mains		11,661	11,916	12,157
Total LPG mains		166	169.2	171.2

Table 5: Distribution outlets per km of gas main

Licensee	Operating Area	Number of distribution outlets per km of main		
		2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	45.4	46.2	47.0
	Goldfields -Esperance	27.0	29.6	31.1
	Great Southern (LPG)	38.4	39.9	40.4
Wesfarmers Kleenheat Gas	Leinster (LPG)	30.6	30.6	30.6
	Margaret River (LPG)	24.7	28.0	29.4
Esperance Power Station	Goldfields - Esperance	N/A	N/A	5.6

Gas Main Breaks

Table 6: Gas main breaks

Licensee	Operating Area	Number of gas main breaks		
		2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	342	207	267
	Goldfields -Esperance	1	5	3
	Great Southern (LPG)	3	5	6
Wesfarmers Kleenheat Gas	Leinster (LPG)	1	0	0
	Margaret River (LPG)	2	0	0
Esperance Power Station	Goldfields - Esperance	N/A	N/A	1

The licence requires licensees to attend to a reported mains break within 1 hour of notification. All three licensees reported 100% compliance with this requirement throughout the reporting period with the exception of AlintaGas Networks, who achieved a 99.4% attendance rate in 2004/05.

Service Pipe Breaks

Table 7: Service pipe breaks

Licensee	Operating Area	Number of unplanned interruptions of supply		
		2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	1,137	1,373	1,559
	Goldfields -Esperance	6	14	23
	Great Southern (LPG)	10	22	16
Wesfarmers Kleenheat Gas	Leinster (LPG)	0	0	0
	Margaret River (LPG)	0	0	0
Esperance Power Station	Goldfields - Esperance	N/A	N/A	0

The licence requires licensees to attend to a reported breaks to service pipes within 3 hours of notification. All three licensees reported 100% compliance with this requirement throughout the reporting period with the exception of AlintaGas Networks, who achieved a 99.7% attendance rate in 2004/05 for the coastal supply area..

Gas Leaks in Public Areas

Table 8: Reported gas leaks in public areas

Licensee	Operating Area	Number of reported gas leaks in public areas		
		2004/05	2005/06	2006/07
AlintaGas Networks	Coastal	354	292	273
	Goldfields -Esperance	2	3	8
	Great Southern (LPG)	22	10	4
Wesfarmers Kleenheat Gas	Leinster (LPG)	0	0	0
	Margaret River (LPG)	2	0	0
Esperance Power Station	Goldfields - Esperance	N/A	N/A	1

The licence requires licensees to attend to a reported breaks to attend gas leaks in public areas within 2 hours of notification. All three licensees reported 100% compliance with this requirement throughout the reporting period with the exception of AlintaGas Networks, who achieved a 98.3% attendance rate in 2005/06 and a 98.9% attendance rate in 2006/07 for the coastal supply area.

GAS TRADER PERFORMANCE

Customer Data

Schedule 4 of the old form gas licences required gas trading licensees to provide information on small use gas customers (consume less than 1TJ/annum) only. Table 10 provides details of small use residential and other (non-residential) customer connections.

Table 9: Number of small use customer connections

Licensee	Operating Area	Type of Connection	Number of connections		
			2004/05	2005/06	2006/07
Alinta Sales	Coastal	Residential	512,297	516,038	542,539
		Other	8,224	9,958	8,147
		Total	520,521	525,996	550,686
	Goldfields - Esperance	Residential	4,346	4,601	4,881
		Other	150	165	160
		Total	4,496	4,766	5,041
	Great Southern (LPG)	Residential	5,686	5,630	5,709
		Other ¹⁹	N/A	N/A	1
		Total	5,686	5,630	5,710
Wesfarmers Kleenheat Gas	Leinster (LPG)	Residential	340	340	340
		Other	11	11	11
		Total	351	351	351
	Margaret River (LPG)	Residential	270	280	283
		Other	2	2	2
		Total	272	282	285
Worley Parsons Asset Management	Goldfields - Esperance	Residential	N/A	N/A	169
		Other	N/A	N/A	28
		Total	N/A	N/A	197
State Total		Residential	522,939	526,889	553,921
		Other	8,387	10,136	8,349
		Total	531,326	537,025	562,270

Until the 2006/07 reporting year there were only 2 gas trading licensees: Alinta Sales and Wesfarmers Kleenheat Gas. In 2006 Worley Parsons Asset Management began retailing gas to customers in Esperance utilising the distribution network deployed by their sister company Esperance Power Station.

There has been growth of 5.9% in the number of small use residential customer connections over the 3 year reporting period. All of the licence operating areas have experienced growth with the exception of the Wesfarmers Kleenheat operation in Leinster, which is a closed town operated by a mining company.

¹⁹ Alinta reports that customers in the Great Southern area are all on one tariff, which makes the distinction between residential and other users difficult to estimate.

It can be seen that Alinta Sales accounts for over 99.8% of all small use residential connections and 99.9% of all other (non-residential) connections in the State. The Coastal supply area accounts for 98% of all small use residential and other connections.

Table 10 provides details of the number of small use customers supplied by each of the licensees. It should be noted that there will be differences between the number of customer connections and the number of customers supplied. Not all customer connection points are actively supplying customers during the reporting period. Conversely some connection points supply more than one customer during the reporting period.

Table 10: Number of small use customers

Licensee	Operating Area	Number of small use customers		
		2004/05	2005/06	2006/07
Alinta Sales	Coastal	505,936	538,843	546,080
	Goldfields -Esperance	4,324	4,766	6,183
	Great Southern (LPG)	5,468	5,630	6,694
Wesfarmers Kleenheat Gas	Leinster (LPG)	351	351	351
	Margaret River (LPG)	210	272	285
Worley Parsons Asset Management	Goldfields - Esperance	N/A	N/A	197
Total Customers Supplied Gas		516,289	549,862	559,790

The growth in the number of customers increased by 8.4% (43,501 new customers) over the reporting period. The majority of the growth in customers occurred in the Alinta Sales Coastal supply area, which accounted for 92% of the total.

Small Use Customer Gas Consumption

Table 11: Average gas consumption per small use residential customer

Licensee	Operating Area	Average gas consumption (GJ/annum)		
		2004/05	2005/06	2006/07
Alinta Sales	Coastal	19.3	20.8	20.0
	Goldfields -Esperance	27.7	18.1	22.2
	Great Southern (LPG)	25.0	20.1	19.3
Wesfarmers Kleenheat Gas	Leinster (LPG)	41.8	44.7	38.9
	Margaret River (LPG)	17.6	20.6	15.7
Worley Parsons Asset Management	Goldfields - Esperance	N/A	N/A	13.3

Caution needs to be applied when interpreting consumption data. Average consumption is influenced by seasonal temperatures, particularly winter temperature, which tends to increase gas consumption due to the increased heating load.

Table 11 shows that the average consumption in each operating area exhibits annual variations that can be quite significant. Of particular note is that the average residential customer in Leinster consumes over twice as much gas as a customer in any other operating area. Anecdotal evidence suggests that this is due to price subsidy on the part of the mining company that employs the customers. The Esperance consumption data is relatively low because it is a new network that was growing its customer base during 2006/07.

Customer Complaints

The most common method of measuring customer complaints is to normalise the number of complaints received against the total number of customer connections. This method has been used in this report to mitigate the variability in customer numbers that has been observed over the past 3 years.

By normalising the complaints to customer connections it is possible to compare the level of complaints recorded by gas trading licensees with electricity and water service providers of equivalent size who serve the same customer population.

Table 12: Customer complaints recorded (per 100 connections)

Licensee	Operating Area	Complaints per 100 connections		
		2004/05	2005/06	2006/07
Alinta Sales	Coastal	0.39	0.21	0.12
	Goldfields -Esperance	0.71	0.36	0.16
	Great Southern (LPG)	0.16	0.05	0.07
Wesfarmers Kleenheat Gas	Leinster (LPG)	0.00	0.00	0.00
	Margaret River (LPG)	0.00	0.00	0.00
Worley Parsons Asset Management	Goldfields - Esperance	N/A	N/A	0.00

Table 12 shows that the gas retailing operations of Wesfarmers Kleenheat Gas and Worley Parsons Asset Management did not record any complaints from small use customers during the reporting period.

The level of customer complaints recorded in the three operating areas served by Alinta Sales has fallen by 69% over the reporting period. This fall in recorded complaints was consistent across all three operating areas. The majority of the recorded complaints related to the categories of billing, payments and disconnections.

APPENDICES

Appendix 1 Annual Information Returns for Gas Distribution Licences (Sch 3)

- (1.) In this Schedule, “**previous financial year**” means the period covered by the return under clause 13 immediately preceding the current return.
- (2.) The information set out below is to be provided in respect of the financial year to which the return relates.
 - (1) Amount of gas transported – GJ and percentage change from previous financial year.
 - (2) Actual Peak Demand – GJ/Hour and percentage change from previous financial year.
 - (3) Number of distribution outlet points classified into:
 - (a) gas meters with a badged capacity of not more than 6 cubic metres per hour;
 - (b) gas meters with a badged capacity of more than 6 cubic metres per hour but not more than 12 cubic metres per hour; and
 - (c) gas meters with a badged capacity of more than 12 cubic metres per hour,and showing, for each class, total number and percentage change from previous financial year.
 - (4) Amount of unaccounted for or lost gas – GJ and percentage change from previous financial year.
 - (5) Distribution outlet points per km of mains and percentage change from previous year.
 - (6) The number of unplanned interruptions and percentage change from the previous year.
 - (7) Number of reported breaks to gas mains and service pipes, percentage attended within 1 hour of notification, and percentage change in the former from previous year.
 - (8) Number of reported breaks to a service pipe, percentage attended within 3 hours of notification and percentage change in the former from previous year.
 - (9) Number of reported gas leaks in a public area, percentage attended within 2 hours of notification and percentage change in the former from previous year.
 - (10) Length of mains installed or decommissioned – km installed or decommissioned in that year, cumulative total and percentage change in both from previous financial year.

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- (11) Brief description of works undertaken during the previous 12 months.
 - (12) Percentage of new connections to residential premises within 7 days where:
 - (a) the gas main is so located that it is practicable in accordance with good industry practice to connect the relevant premises to the main without extending it; and
 - (b) reasonable soil conditions exist.

Appendix 2 Annual Information Returns for Gas Trading Licences (Sch 4)

1. In this Schedule, 'previous financial year' means the period covered by the return under clause 15 immediately preceding the current return.
2. The information set out below is to be provided in respect of the financial year to which the return relates.
 - (1) Amount of gas sold to small use customers within the licence area – GJ and percentage change from previous financial year.
 - (2) Number of small use customers supplied gas – total number and percentage change from previous financial year.
 - (3) Number of small use customers on standard customer contracts – total number and percentage change from previous financial year.
 - (4) Average consumption per residential customer showing GJ and percentage change from previous financial year.
 - (5) Number of new small use customer connections:
 - (a) residential; and
 - (b) other,showing, for each class, total number and percentage change from previous financial year.
 - (6) Number of existing small use customer connections:
 - (a) residential; and
 - (b) other,showing, for each class, total number and percentage change from previous financial year.
 - (7) Number of small use customer complaints – total number and percentage change from previous financial year.
 - (1) Classifications of the nature of the complaints.
 - (2) Classifications of the action taken by the licensee to rectify the complaints.
 - (3) Classifications of the timing for the complaints to be rectified.
 - (4) Description of the endeavours to promote the sale of gas to small use customers undertaken since the previous financial year.