



Gas

# Australian Gas Networks Regulatory Framework Review 2021-2026

Final Decision

April 2020

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## Glossary of terms

Term	Explanation
AGN	Australian Gas Networks
AER	Australian Energy Regulator
AEMA	Australian Energy Market Agreement
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
Commission's AGN regulatory instruments	AGN's Gas Distribution Licence, the Gas Distribution Code (GDC/06), the Gas Metering Code (GMC/04), and the Gas Industry Guideline No. 1 (GIG 1.7)
Consultation Paper	The Australian Gas Networks Regulatory Framework Review 2021-2026 Consultation Paper
ESC Act	<i>Essential Services Commission Act 2002</i>
EWOSA	Energy and Water Ombudsman SA
Gas Act	<i>Gas Act 1997</i>
GDC/06	Gas Distribution Code
GIG 1.7	Gas Industry Guideline No.1
GMC/04	Gas Metering Code
GSL	Guaranteed Service Level
NECF	National Energy Consumer Framework (consists of the NERL and the NERR)
NERL	<i>National Energy Retail Law</i>
NERR	National Energy Retail Rules
NGL	<i>National Gas Law</i>
NGR	National Gas Rules
Review	Australian Gas Networks Regulatory Framework Review 2021-2026
SAFRRA	South Australian Federation of Residents and Ratepayers Association
SRMTMP	Safety, Reliability, Maintenance and Technical Management Plan
UAFG	Unaccounted for Gas

# 1 Executive summary

The Essential Services Commission (**Commission**) has conducted a review (**Review**) of its regulatory instruments that apply to Australian Gas Networks (**AGN**), ahead of AGN's 2021 – 2026 regulatory period.

Every five years, the Commission reviews whether or not jurisdictional service reliability standards in the form of performance targets are needed to support the provision of gas distribution services at the quality and reliability levels valued by AGN's customers. The Commission undertakes those reviews in alignment with AGN's five-yearly revenue determination processes, as administered by the Australian Energy Regulator (**AER**).<sup>1</sup> This enables AGN to consider in its proposal to the AER (known as an **access arrangement proposal**) any expenditure required (whether less or more) to deliver any jurisdictional service reliability standards set by the Commission.

The Commission has undertaken consultation on this Review by publishing the Australian Gas Networks Regulatory Framework Review 2021-2026 Consultation Paper (**Consultation Paper**) on 2 July 2019,<sup>2</sup> and the Australian Gas Networks Regulatory Framework Review 2021-2026 Draft Decision (**Draft Decision**) on 6 November 2019.<sup>3</sup> Submissions were received on both the Consultation Paper and the Draft Decision and have helped to inform this Final Decision.<sup>4</sup>

Consistent with current practice, the Commission will not set jurisdictional service reliability standards in the form of performance targets for AGN in the 2021 – 2026 regulatory period.

The Commission will continue AGN's current quarterly monitoring and reporting regime, which includes three performance indicators: responsiveness to the leaks and emergencies telephone number, responsiveness to public reporting of gas leaks, and trends in unplanned interruptions.

A series of minor amendments have been made to the Commission's AGN regulatory instruments. These amendments remove duplication, enhance clarity, remove redundancy, and harmonise jurisdictional requirements with those of the national gas legislative framework. The amendments do not materially change AGN's regulatory obligations.

The amended regulatory framework will take effect from 1 July 2020.

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<sup>1</sup> This is the fourth jurisdictional service reliability standards review of AGN undertaken by the Commission. Previous reviews were completed in 2006, 2010, and 2014.

<sup>2</sup> The AGN Regulatory Framework Review 2021-2026 Consultation Paper is available at: <https://www.escosa.sa.gov.au/ArticleDocuments/11399/20190702-Gas-AGN-RegulatoryFrameworkReview2021-2026-Consultation.pdf.aspx?Embed=Y>

<sup>3</sup> The AGN Regulatory Framework Review 2021-2026 Draft Decision is available at: <https://www.escosa.sa.gov.au/ArticleDocuments/21428/20191106-Gas-ReviewAGN-RegulatoryFramework2021-26-DraftDecision.pdf.aspx?Embed=Y>

<sup>4</sup> Submissions on the Consultation Paper and the Draft Decision are available at: <https://www.escosa.sa.gov.au/projects-and-publications/projects/gas/agn-regulatory-framework-review-2021-2026/agn-regulatory-framework-review-2021-2026>

## 2 Background

The Essential Services Commission (**Commission**) is a statutory authority established as the independent economic regulator of essential services in South Australia under the Essential Services Commission Act 2002 (**ESC Act**). In undertaking its regulatory functions, the Commission's primary objective is the protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.<sup>5</sup>

Australian Gas Networks (**AGN**) is one of Australia's largest natural gas distribution companies.<sup>6</sup> In South Australia, AGN supplies natural gas through distribution networks of over 8000 km to more than 448,000 customers.<sup>7</sup> As the owner of a monopoly natural gas distribution network in South Australia, AGN is subject to economic regulation by the Commission and the Australian Energy Regulator (**AER**).

The majority of the economic regulatory requirements placed on AGN are administered by the AER and contained in the national gas legislation<sup>8</sup> and the National Energy Consumer Framework (**NECF**), which provide mechanisms for the regulation of prices and for consumer protections. However, under the Australian Energy Market Agreement (**AEMA**), the South Australian Government has retained responsibility for developing standards to ensure network security and reliability (**jurisdictional service reliability standards**). This responsibility has been non-exclusively delegated to the Commission. The Commission administers this responsibility through its powers and functions under the *Gas Act 1997* (**Gas Act**) and the ESC Act, which operate alongside the national gas legislation and the NECF.

The Commission regulates AGN's gas distribution operations in South Australia through the provision, administration and enforcement of a licensing regime, which is supported by industry codes. The Commission's regulatory instruments that apply to AGN are its Gas Distribution Licence, the Gas Distribution Code, the Gas Metering Code, and the Gas Industry Guideline No. 1 (**Commission's AGN regulatory instruments**).

Currently, the Commission's AGN regulatory instruments do not establish jurisdictional service reliability standards in the form of performance targets. The instruments contain requirements that are specific to South Australia, and in addition to the national regulatory framework requirements.

Appendix 1 provides more information on AGN's current national and state-based regulatory and consumer protection requirements.

### 2.1 Purpose and scope of this review

Every five years, the Commission reviews whether or not jurisdictional service reliability standards in the form of performance targets are needed to support the provision of gas distribution services at the quality and reliability levels valued by AGN's customers. The Commission undertakes these reviews in alignment with AGN's five-yearly revenue determination processes, as administered by the AER.<sup>9</sup>

This enables AGN to consider in its proposal to the AER (known as an **access arrangement proposal**) any expenditure required (whether less or more) to deliver any jurisdictional service reliability standards set by the Commission.

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<sup>5</sup> *Essential Services Commission Act 2002*, section 6(a).

<sup>6</sup> AGN has operations in South Australia, Victoria, Queensland, New South Wales, and the Northern Territory. It is part of the Australian Gas Infrastructure Group, which also includes Multinet and the Dampier Bunbury Pipeline. Further information is available at: <https://www.australiangasnetworks.com.au/our-business/about-us>.

<sup>7</sup> AGN's Regulatory Performance Report for 2018-2019 is available here: <https://www.escosa.sa.gov.au/ArticleDocuments/553/20200203-Gas-AustralianGasNetworks-PerformanceReport-2018-19.pdf.aspx?Embed=Y>

<sup>8</sup> The national gas legislation is the: *National Gas Law*, *National Gas Rules*, and the *Australian Energy Market Agreement*.

<sup>9</sup> This is the fourth jurisdictional service reliability standards review of AGN undertaken by the Commission. Previous reviews were completed in 2006, 2010, and 2014.

The AGN Regulatory Framework Review 2021-2026 (**Review**) also considered the effectiveness of each of the Commission's AGN regulatory instruments.

The Review has considered:

- ▶ If AGN customers are experiencing material service or reliability issues and, if so, considering whether establishing jurisdictional service reliability standards in the form of performance targets are required.
- ▶ Whether the Commission's AGN regulatory instruments are clear, free of redundancy and duplication, and harmonised with regulatory requirements under the national gas legislation (National Gas Rules (**NGR**) and National Gas Law (**NGL**)) and the NECF.
- ▶ If the existing performance monitoring and reporting regime effectively captures the data required to deliver transparency regarding AGN's reliability and performance.

The outcome of the Review is this Final Decision, which has found that the Commission's current approach to regulating AGN's distribution services remains appropriate.

## 2.2 Consultation

The Commission has consulted on this Review by publishing and seeking responses to a Consultation Paper, a Draft Decision, and by observing the stakeholder engagement program that AGN is conducting to develop its access arrangement proposal for the 2021 – 2026 regulatory period.

### 2.2.1 Consultation Paper

The Commission initiated this Review by publishing the Australian Gas Networks Regulatory Framework Review 2021-2026 Consultation Paper (**Consultation Paper**) on 2 July 2019.<sup>10</sup>

The Consultation Paper:

- ▶ Presented evidence that no areas of AGN's service reliability performance had been identified as unsatisfactory, or requiring improvement through the introduction of service standards.
- ▶ Proposed that the current monitoring and reporting regime continues to be an important tool to enhance transparency in regards to AGN's responsiveness to public reports of potential leaks and its network service reliability.
- ▶ Set out several proposed amendments to the Commission's AGN regulatory instruments, to reduce duplication, enhance clarity, remove redundancy, and harmonise jurisdictional requirements with those of the national gas legislative framework.

The Commission received three formal submissions to the Consultation Paper, from: the Energy and Water Ombudsman SA (**EWOSA**), AGN, and a joint submission from Red Energy and Lumo Energy.<sup>11</sup> Informal feedback was received from the South Australian Federation of Residents and Ratepayers Association (**SAFRRA**), relaying the importance of affordable natural gas prices to its members.

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<sup>10</sup> The AGN Regulatory Framework Review 2021-2026 Consultation Paper and Draft Decision are available at: <https://www.escosa.sa.gov.au/projects-and-publications/projects/gas/agn-regulatory-framework-review-2021-2026/agn-regulatory-framework-review-2021-2026>

<sup>11</sup> Submissions on the Consultation Paper and the Draft Decision are available at: <https://www.escosa.sa.gov.au/projects-and-publications/projects/gas/agn-regulatory-framework-review-2021-2026/agn-regulatory-framework-review-2021-2026>

## 2.2.2 Draft Decision

On 6 November 2019, the Commission published the Australian Gas Networks Regulatory Framework Review 2021-2026 Draft Decision (**Draft Decision**).<sup>12</sup> The Draft Decision considered feedback received on the Consultation Paper, and made the following draft decisions for further consultation:

- ▶ The Commission would not set any jurisdictional service reliability standards in the form of performance targets for AGN in the 2021 – 2026 regulatory period.
- ▶ AGN's current quarterly monitoring and reporting regime would be retained, requiring AGN to report on three performance indicators: responsiveness to the leaks and emergencies telephone number, responsiveness to public reporting of gas leaks, and trends in unplanned interruptions.
- ▶ The 10 amendments proposed by the Commission in the Consultation Paper, and a majority of the 49 amendments proposed by AGN in its submission to the Consultation Paper, would be made to the Commission's AGN regulatory instruments. A table of these amendments is provided at Appendix 2.

The Commission received three submissions on the Draft Decision, from: AGN, EWOSA and SAFRRA, which were largely supportive of the Commission's Draft Decision.<sup>13</sup> The consideration of the matters raised in submissions (to both the Issues Paper and Draft Decision) is set out in relevant sections below.

## 2.2.3 AGN's stakeholder engagement program

In late 2018, AGN commenced a wide-ranging stakeholder engagement program to understand the expectations, views and priorities of its customers on service and reliability levels to inform its 2021-2026 access arrangement proposal for the AER.

AGN completed Stage 1 of its four stage stakeholder engagement program in June 2019 and has released its Stage 1 Stakeholder Engagement Report (**Stage 1 Report**).<sup>14</sup> The Stage 1 Report offers three key insights about what matters to its customers:

- ▶ reliability and maintaining current service levels
- ▶ the need for more education around AGN and its role in the gas supply chain, and
- ▶ the need for AGN to continue to work collaboratively beyond the regulatory reset process.

Stage 2 of AGN's stakeholder engagement program concluded in February 2020, and built on AGN's engagement on the key insights identified in Stage 1 through the use of customer workshops.<sup>15</sup>

Along with raising questions about satisfaction with customer service and reliability levels during stakeholder meetings, the Commission has also consulted with AGN during and after Stage 2 of its stakeholder engagement program. The Commission understands that stakeholders and customers have not raised any concerns regarding AGN's reliability or service standards during customer workshops.

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<sup>12</sup> The AGN Regulatory Framework Review 2021-2026 Consultation Paper and Draft Decision are available at: <https://www.escosa.sa.gov.au/projects-and-publications/projects/gas/agn-regulatory-framework-review-2021-2026/agn-regulatory-framework-review-2021-2026>

<sup>13</sup> Submissions on the Consultation Paper and the Draft Decision are available at: <https://www.escosa.sa.gov.au/projects-and-publications/projects/gas/agn-regulatory-framework-review-2021-2026/agn-regulatory-framework-review-2021-2026>

<sup>14</sup> See AGN's Engagement Portal available at: <https://gasmatters.agig.com.au/SA>

<sup>15</sup> For further details on the outcome of AGN's engagement on the key insights identified in Stage 1 through the Stage 2 customer workshops, see AGN's engagement portal available at: <https://gasmatters.agig.com.au/SA>

A KPMG report on Phase 1 of AGN's Stage 2 customer workshops indicated that customers place public safety and reliability of supply as their second and third highest priorities, behind affordability. In relation to AGN's service, KPMG reported that AGN customers are satisfied with AGN's current level of safety and reliability.<sup>16</sup>

The Commission is satisfied that AGN's engagement activities on these key themes and insights have not identified any customer concerns regarding AGN's service standards or reliability.

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<sup>16</sup> KPMG, *Customer Workshops: Phase 1 Insights and Key Findings*, October 2019. Available at: <https://gasmatters.agig.com.au/SA>

## 3 Jurisdictional service reliability standards

### Final Decision

The Commission will continue to not set any jurisdictional service reliability standards in the form of performance targets for AGN in the 2021 – 2026 regulatory period.

Jurisdictional service reliability standards in the form of performance targets are not required for the 2021 – 2026 regulatory period. The safety requirements prescribed by the Technical Regulator continue to deliver sound levels of network security and reliability and customers are satisfied with the reliability of AGN's service.

This Final Decision is consistent with the Draft Decision.

### 3.1 Reasons for Final Decision

As evidenced in the Consultation Paper and the Draft Decision,<sup>17</sup> AGN continues to demonstrate sound current performance under the existing performance monitoring and reporting arrangements, and there do not appear to be any systemic issues identified through customer complaints.<sup>18</sup>

Additional evidence drawn on since the Draft Decision that supports this Final Decision includes:

- ▶ Updated feedback from AGN in relation to Stage 2 of its stakeholder engagement program, which continues to support earlier evidence that customers are satisfied with AGN's reliability and service levels.<sup>19</sup>
- ▶ AGN's performance under the existing monitoring and reporting regime for the 2018-19 period, which demonstrates that AGN continues to perform satisfactorily against its three performance indicators.<sup>20</sup>

The Final Decision has also been informed by feedback from stakeholders in response to the Draft Decision.

AGN supported the Draft Decision and noted the primary findings so far from its stakeholder engagement program:

- ▶ Customers value AGN's track record in safety and reliability and expect this to continue
- ▶ there is a high level of customer support for AGN's proposed approach to maintaining its current safety service levels, and
- ▶ there is a high level of customer support for its proposed approach to maintaining its current reliability levels.<sup>21</sup>

<sup>17</sup> The AGN Regulatory Framework Review 2021-2026 Consultation Paper and Draft Decision are available at: <https://www.escosa.sa.gov.au/projects-and-publications/projects/gas/agn-regulatory-framework-review-2021-2026/agn-regulatory-framework-review-2021-2026>

<sup>18</sup> See Chapter 3 of AGN regulatory framework review 2021-2026 Consultation Paper for further analysis of AGN's performance (including complaints data), available at: <https://www.escosa.sa.gov.au/ArticleDocuments/11399/20190702-Gas-AGN-RegulatoryFrameworkReview2021-2026-Consultation.pdf.aspx?Embed=Y>

<sup>19</sup> See KPMG's report on Phase 1 of the Stage 2 customer workshops contained on AGN's engagement portal at: <https://gasmatters.agig.com.au/SA>

<sup>20</sup> AGN's Regulatory Performance Report for 2018-2019 is available here: <https://www.escosa.sa.gov.au/ArticleDocuments/553/20200203-Gas-AustralianGasNetworks-PerformanceReport-2018-19.pdf.aspx?Embed=Y>

<sup>21</sup> AGN Submission to the AGN Regulatory Framework Review 2021-2026, December 2019, p. 1.

AGN stated that these findings support the Commission's Draft Decision not to implement jurisdictional service reliability standards in the form of performance targets.

EWOSA also expressed its support for the Commission's Draft Decision not to introduce jurisdictional service reliability standards in the form of performance targets.<sup>22</sup>

SAFRRA noted its support for AGN's ongoing safety and reliability performance,<sup>23</sup> but suggested jurisdictional service reliability standards should be set. It queried whether the potential cost to customers of implementing jurisdictional service standards was why they were not proposed by the Commission.<sup>24</sup>

While implementing jurisdictional service reliability standards may result in increased costs to customers, and is always a consideration for the Commission, the primary reason for the Commission's decision in this instance is that the evidence does not support any further regulatory intervention of this nature. The existing approach enables the Commission to monitor AGN's performance against its historical performance in relation to the current measures. If the Commission identifies a material departure in AGN's performance from these historical averages it would consider applying jurisdictional service reliability standards in the form of performance targets where the evidence demonstrates this is required.

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<sup>22</sup> EWOSA *Submission to the AGN Regulatory Framework Review 2021-2026*, December 2019, p. 2.

<sup>23</sup> SAFRRA *Submission to the AGN Regulatory Framework Review 2021-2026*, January 2020, p. 2.

<sup>24</sup> SAFRRA *Submission to the AGN Regulatory Framework Review 2021-2026*, January 2020, p. 6.

## 4 Monitoring and performance regime

### Final Decision

The Final Decision is to retain the monitoring and reporting regime in its current form: AGN will be required to continue monitoring and reporting quarterly on three performance indicators: responsiveness to the leaks and emergencies telephone number, responsiveness to public reporting of gas leaks, and trends in unplanned interruptions.

AGN will continue monitoring and reporting quarterly on the existing three performance indicators over the 2021 – 2026 regulatory period. The three performance indicators, and supporting metrics are:

- ▶ Responsiveness to the leaks and emergencies telephone number:
  - total number of telephone calls received on the leaks and emergencies number
  - total number (and percentage) of telephone calls to the leaks and emergencies number answered within 30 seconds, and
  - average answer time (in seconds) for calls to the leaks and emergencies number.
- ▶ Responsiveness to public reporting of gas leaks:
  - total number of potential gas leaks reported by the public
  - total number of high priority gas leaks reported by the public
  - total number of other gas leaks reported by the public
  - percentage of gas leak reports by the public attended within the timeframes in AGN's Leakage Management Plan, and
  - total number of publicly reported potential gas leaks where no leak was found.
- ▶ Trends in unplanned interruptions:
  - Customers experiencing multiple interruptions – the number of customers that have two or more interruptions within a year where the interruption is unplanned and caused by operator actions, third party damage or asset condition.
  - Customers experiencing long duration interruptions – the number of events within a year where a gas supply is not restored within 12 hours and where the interruption is unplanned and caused by operator actions, third party damage or asset condition.

The manner and form of AGN's quarterly reporting to the Commission on these performance indicators will continue to be set out in the Gas Industry Guideline No. 1, and performance data will continue to be published on the Commission's website annually, in the AGN Regulatory Performance Report.<sup>25</sup>

This Final Decision is consistent with the Draft Decision.

### 4.1 Reasons for Final Decision

The reporting regime ensures transparency around AGN's leakage management and response performance, serves to identify any poorly performing segments of AGN's network, and gathers data to enable future benchmarking of AGN's performance.

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<sup>25</sup> AGN's Regulatory Performance Report for 2018-2019 is available here: <https://www.escosa.sa.gov.au/ArticleDocuments/553/20200203-Gas-AustralianGasNetworks-PerformanceReport-2018-19.pdf.aspx?Embed=Y>

The Final Decision has also been informed by feedback from stakeholders in response to the Draft Decision.

AGN supported maintaining the current monitoring and reporting regime, and the existing three performance indicators.<sup>26</sup>

EWOSA also supported continuation of the current monitoring and reporting regime, stating that it *'considers the Commission's current performance reporting indicators are appropriate and sufficient to monitor AGN's reliability outcomes.'*<sup>27</sup>

SAFRRA stated that it considered that the continuation of AGN's current monitoring and reporting regime as *'a given'*, and that it should *'always be maintained'*.<sup>28</sup> It submitted that, in its view, AGN's customers would expect public safety to always be AGN's top priority. SAFRRA also submitted that AGN should be commended for the fact the *'general public are very comfortable with the safety and reliability of gas'*.<sup>29</sup>

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<sup>26</sup> AGN Submission to the AGN Regulatory Framework Review 2021-2026, December 2019, p. 1.

<sup>27</sup> EWOSA Submission to the AGN Regulatory Framework Review 2021-2026, December 2019, p. 2.

<sup>28</sup> SAFRRA Submission to the AGN Regulatory Framework Review 2021-2026, January 2020, p. 6.

<sup>29</sup> SAFRRA Submission to the AGN Regulatory Framework Review 2021-2026, January 2020, p. 2.

## 5 Regulatory instruments

### Final Decision

Amendments have been made to each of the Commission's AGN regulatory instruments, to reduce duplication, enhance clarity, remove redundancy, and harmonise jurisdictional requirements with those of the national gas legislative framework.

**The amendments do not result in any material changes to AGN's regulatory obligations.**

The following regulatory instruments have been amended:

- ▶ **AGN's gas distribution licence.** Two clauses and eight definitions have been deleted, three clauses and one definition have been amended, and one definition has been added.
- ▶ **Gas Metering Code.** Six clauses and one definition have been deleted, eight clauses and nine definitions have been amended, and one clause and one definition have been added.
- ▶ **Gas Distribution Code.** Two clauses and one definition have been deleted, three clauses and one definition have been amended, and two definitions have been added.
- ▶ **Gas Industry Guideline No. 1.** One clause and three definitions have been deleted, and four clauses and one definition have been amended.

Appendix 2 provides further details on these amendments. The finalised regulatory instruments will take effect from 1 July 2020.

### 5.1 Reasons for Final Decision

As outlined in the Consultation Paper and the Draft Decision, the reason for making the proposed amendments to the Commission's AGN regulatory instruments is to make them: clear, free of redundancy and duplication, and harmonised with regulatory requirements under the national gas legislation.

There was broad support for the minor amendments proposed in the Draft Decision.

AGN submitted its support for the '*minor amendments to the Commission's key regulatory instruments (being the Gas Distribution Licence, Gas Distribution Code, Gas Metering Code, and Gas Industry Guideline No.1) to improve clarity and alignment with the national gas framework (including the National Gas Rules, National Gas Law, National Energy Consumer Framework and South Australian Market Procedures)*'.<sup>30</sup>

EWOSA submitted it '*considers that the proposed amendments to the Gas Distribution Code, Gas Metering Code, AGN's Gas Distribution Licence and Gas Industry Guideline No.1 are appropriate*'.<sup>31</sup>

SAFRRA expressed its support for '*ESCOSA making minor amendments (59) to each of ESCOSA's AGN regulatory instruments which we believe improves clarity, alignment with the national gas framework*'.<sup>32</sup>

However, in its submission to the Draft Decision AGN reiterated that clause 2.1.1(b) should be removed from the Gas Distribution Code, as it is largely a duplication of regulation 38(1)(c) of the Gas Regulations.

The rationale of the Commission's proposed amendment to this clause in the Draft Decision was to make clear that even short-term or temporary variations from the required delivery pressure are a breach of AGN's distributor obligations under clause 2.1.1(b) of the Gas Distribution Code.

<sup>30</sup> AGN Submission to the AGN Regulatory Framework Review 2021-2026, December 2019, p. 1.

<sup>31</sup> EWOSA Submission to the AGN Regulatory Framework Review 2021-2026, December 2019, p. 2.

<sup>32</sup> SAFRRA Submission to the AGN Regulatory Framework Review 2021-2026, January 2020, p. 6.

After further consideration, the Commission has decided to remove clause 2.1.1(b), with the exception of an obligation in this subclause that is additional to requirements contained in the Regulations. This additional obligation is for AGN to maintain the operating pressure for medium and high pressure mains, and will be retained (in an amended 'best endeavours' form) at clause 2.1.1(b) of the Gas Distribution Code. The basis of this Final Decision is that the obligation to maintain safe operating pressures is captured by the Regulations and the duplication of this obligation by inclusion in clause 2.1.1(b) of the Gas Distribution Code is unnecessary. In contrast, the requirement for AGN to undertake its best endeavours to meet specific sub parameters within this safe operating range, in relation to medium and high pressure mains, is not contained in the Regulations and is an important consumer protection that should be retained.

## Appendix 1: The legal and regulatory framework

As set out in Table 1, the national framework operates in conjunction with jurisdictional requirements. AGN is subject to the requirements of the *Gas Act 1997* (**Gas Act**), National Gas Law (**NGL**), National Gas Rules (**NGR**), National Energy Consumer Framework (**NECF**) and the Australian Energy Market Agreement (**AEMA**),<sup>33</sup> which establish the regulatory framework for the gas industry in South Australia.

Table 1: Regulatory powers and functions that apply to AGN

Australian Energy Market Agreement
<p>The AEMA is a Council of Australian Governments Agreement that establishes the Australian Energy Market Commission, the Australian Energy Market Operator and the Australian Energy Regulator.</p> <p>Under the AEMA, the responsibility for developing standards to ensure network security and reliability (<b>jurisdictional service reliability standards</b>) is retained by the South Australian State Government, and non-exclusively delegated to the Commission.</p>
Australian Energy Regulator
<p>The Australian Energy Regulator (<b>AER</b>) regulates the electricity and gas industries in all jurisdictions except Western Australia, by enforcing the:</p> <ul style="list-style-type: none"> <li>▶ National Gas Rules</li> <li>▶ National Electricity Rules, and</li> <li>▶ National Energy Customer Framework, consisting of the: National Energy Retail Law, National Energy Retail Rules, and National Energy Retail Regulations.<sup>34</sup></li> </ul> <p>The AER is responsible for making a revenue determination for each AGN regulatory period as part of AGN's Access Arrangement. In making each determination, the AER must assess the efficient level of expenditure for AGN. In doing so, the AER has regard to AGN's regulatory requirements, including jurisdictional service reliability standards.<sup>35</sup></p>
Essential Services Commission Act 2002
<p><i>The Essential Services Commission Act 2002</i> (<b>ESC Act</b>) establishes the Commission's power to perform licensing and, make, monitor and enforce industry codes, rules and guidelines.</p>
Gas Act 1997
<p>Establishes the Commission's responsibility to administer the licensing regime that applies to gas entities, including AGN as the distribution network operator. The Commission is vested with the following powers and functions under section 6A of the Gas Act:</p> <ul style="list-style-type: none"> <li>▶ the licensing, price regulation<sup>36</sup> and other functions and powers conferred by this Act, and</li> <li>▶ any other functions and powers conferred by regulation under this Act.</li> </ul> <p>If regulated entities are required (whether by licence condition or otherwise) to participate in an ombudsman scheme, the Commission must, in performing licensing functions under the Gas Act, liaise with the Ombudsman appointed under the scheme.</p> <p>The Governor may, by regulation, confer functions and powers on the Commission, or vary the functions and powers of the Commission, as the Governor considers necessary or expedient for the purposes of the <i>National</i></p>

<sup>33</sup> The Australian Energy Market Agreement provides for State and Territory Governments to retain responsibility for developing service reliability standards to ensure network security and reliability. The Commission is responsible for developing, implementing and administering the jurisdictional service standards for Australian Gas Networks.

<sup>34</sup> The NECF does not currently apply in Western Australia, Victoria and the Northern Territory. For more information visit: <https://www.aemc.gov.au/regulation/legislation>

<sup>35</sup> *National Gas Rules*, rule 79(2)(c)(iii).

<sup>36</sup> The Commission no longer undertakes price regulation for AGN, this power was varied by the Governor under s 6(a)(3). This role is now undertaken by the Australian Energy Regulator.

*Gas (South Australia) Act 2008, National Gas Rules, National Energy Retail Law (South Australia) and National Energy Retail Rules.*

In performing functions under the Gas Act, the Commission must also have regard to the provisions of the National Gas Rules and National Energy Retail Rules and the need to avoid duplication of, or inconsistency with, regulatory requirements under those Rules.

### AGN's gas distribution licence

Sets out conditions upon which AGN is able to operate its various gas distribution networks, including requirements to:

- ▶ Monitor and report to the Commission on compliance with local and national regulatory instruments.
- ▶ Comply with good gas industry practice.
- ▶ Undertake periodic audits of its operations and compliance with its regulatory obligations.
- ▶ Provide financial, technical and other information relevant to its ability to continue operations.
- ▶ Prepare, submit and annually review a safety, reliability, maintenance and technical management plan (SRMTMP).
- ▶ Comply with concession and community service obligations approved and funded by the Minister.
- ▶ Comply with rules regarding the retention, use and disclosure of customer information.

### Gas Distribution Code, Gas Metering Code & Gas industry Guideline No. 1

The Gas Distribution Code (**GDC/06**) establishes standards requiring AGN to:

- ▶ Annually report on performance against service standards.
- ▶ Meet distributor obligations, including operational and security standards; maintaining appropriate levels of gas pressure; delivering gas in accordance terms and conditions.
- ▶ Maintain the capability of its distribution system.
- ▶ Comply with connection and reconnection after disconnection requirements.

The Gas Metering Code (**GMC/04**) establishes standards and obligations on AGN in regard to:

- ▶ The provision of metering installations.
- ▶ Metering installation testing.
- ▶ Meter reading and data collection.
- ▶ The annual preparation, submission and review of a Gas Measurement Management Plan.

Gas Industry Guideline No.1 (**GIG 1.7**) sets out manner and form, as well as timing, requirements for the collection, allocation, recording and reporting of business data (including performance indicators) by AGN with respect to the operation of the distribution system authorised in its distribution licence.

### Technical Regulator

The Technical Regulator's primary objective is ensuring the safety of workers, consumers and property as well as compliance with legislation and applicable technical standards in the electricity, gas and water industries.

The position of the Technical Regulator is established under the following Acts:

- ▶ *Electricity Act 1996.*
- ▶ *Gas Act 1997.*
- ▶ *Energy Products (Safety and Efficiency) Act 2000.*
- ▶ *Water Industry Act 2012.*

The Technical Regulator has the following responsibilities pursuant to section 8 of the Gas Act:

- ▶ Monitoring and regulation of safety and technical standards in the gas supply industry.
- ▶ Monitoring and regulation of safety and technical standards relating to gas installations.
- ▶ Providing advice in relation to safety or technical standards in the gas supply industry to the Commission at its request.
- ▶ Fulfilling any other function assigned to the Technical Regulator under the Act.

## A Licensing

The Commission's powers and functions in relation to AGN are contained in the Gas Act and the ESC Act. Under the Gas Act, AGN is required to hold a licence authorising it to operate the gas distribution system in South Australia; the Commission is the licensing authority for this purpose. Sections 25 and 26 of the Gas Act mandate certain licence terms and conditions, while providing the Commission with the discretionary power to include additional licence terms and conditions.

In addition to the mandated conditions listed in Table 1, the Commission has made AGN's gas distribution licence subject to a further condition:

- ▶ **Good gas industry practice:** AGN's gas distribution licence requires it to use its best endeavours to conduct the operation of its gas distribution network in accordance with 'good gas industry practice',<sup>37,38</sup> including to conduct its operations so as to: prevent death or injury to persons or damage to property; minimise leakage of gas;<sup>39</sup> and account for the total amount of gas lost from the distribution system from leakage or an activity referred to in section 82(1) of the Gas Act.<sup>40</sup> AGN is also required to use its best endeavours to reduce the levels of UAFG in each year of the current regulatory period.<sup>41</sup>

## B Industry codes and guidelines

Under section 28 of the ESC Act, the Commission is empowered to make codes or rules relating to the conduct or operations of a regulated industry or regulated entities. The Commission has exercised this power in regard to the gas industry, and made the Gas Distribution Code and the Gas Metering Code. Under section 8 of the ESC Act the Commission has also made the Gas Industry Guideline No. 1.

Gas Industry Guideline No.1 sets out the manner, form and timing requirements for the reporting of AGN's performance against those requirements set by the Commission under AGN's Gas distribution licence, and the Gas Metering and Gas Distribution Codes. Gas Industry Guideline No.1 also partially captures the information required from AGN by the Technical Regulator.

Under section 6A(4) of the Gas Act, the Commission has a statutory responsibility to have regard to the provisions of the NGR and NERR, and the need to avoid duplication of, or inconsistency with, regulatory requirements under those Rules.

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<sup>37</sup> Good gas industry practice is defined in AGN's gas distribution licence. It 'means the exercise of that degree of skill, diligence, prudence and foresight that reasonably would be expected from a significant proportion of operators of gas distribution systems forming part of the Australian gas supply industry under conditions comparable to those applicable to the distribution system operated by the licensee consistent with applicable regulatory instruments, reliability, safety and environmental factors', see <https://www.escosa.sa.gov.au/ArticleDocuments/907/20161005-Gas-DistributionLicence-AustralianGasNetworks.pdf.aspx?Embed=Y>.

<sup>38</sup> Australian Gas Networks' Gas distribution licence, clause 5.

<sup>39</sup> Australian Gas Networks' Gas distribution licence, clause 5.1(b).

<sup>40</sup> Australian Gas Networks' Gas distribution licence, clause 5.1(c).

<sup>41</sup> Australian Gas Networks' current Access Arrangement, available at <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/australian-gas-networks-sa-access-arrangement-2016-21>

## C Technical regulation

The Gas Act vests the Technical Regulator with powers, functions and obligations in respect of the gas industry. Under section 8(1) of the Gas Act, the statutory functions of Technical Regulator are:

- (b) the monitoring and regulation of safety and technical standards in the gas supply industry; and*
- (c) the monitoring and regulation of safety and technical standards with respect to gas installations; and*
- (d) the provision of advice in relation to safety or technical standards in the gas supply industry to the Commission at the Commission's request; and*
- (e) any other functions prescribed by regulation or assigned to the Technical Regulator by or under this or any other Act.'*

It is the role of the Technical Regulator to set safety and technical obligations and ensure AGN meets these requirements to provide the safety and reliability outcomes expected of the gas industry by the community.

Pursuant to section 28 of the Gas Act, the Commission must make a licence authorising the operation of a distribution system subject to conditions, including requiring the gas entity: 'to prepare, maintain and periodically revise a safety, reliability, maintenance and technical management plan dealing with matters prescribed by regulation.'<sup>42</sup>

It is the responsibility of the Technical Regulator to approve AGN's SRMTMP, any revisions of the plan, and the results of AGN's audits of its compliance with the plan.<sup>43</sup>

## D Jurisdictional customer protection requirements

The national gas legislation and the NECF establish the comprehensive suite of consumer protections for residential and small business gas customers.<sup>44</sup>

As part of the national framework, individual jurisdictions, including South Australia, have retained the power to prescribe two specific obligations, referred to in the national framework as 'distributor service standards':<sup>45</sup>

- ▶ **Preconditions to connection:** AGN must connect a customer to its distribution system on fair and reasonable terms, provided various preconditions have been satisfied. The national framework allows the South Australian Government to define these preconditions, a responsibility delegated to the Commission. The Commission defines the preconditions in the Gas Distribution Code. As the national framework requires, these preconditions are in turn included in AGN's Standing Offer for Basic Connection Services which is approved by the AER.<sup>46</sup>
- ▶ **Reconnection after disconnection:** AGN is required to use its best endeavours to reconnect a disconnected customer's supply address within sufficient time for a retailer to meet its contractual obligations to the customer as set out in the NERL. The national framework allows the South Australian Government to define 'sufficient time'. However, the Gas Distribution Code does not currently establish specific timeframes for reconnections. AGN currently performs reconnections within two business days unless the customer requests a later date.

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<sup>42</sup> Gas Act 1997, section 26(1)(a)(i).

<sup>43</sup> Gas Act 1997, section 26(1)(a)(ii)-(iv).

<sup>44</sup> The consumer protections apply only to small customers consuming less than 1 TJ of gas per annum.

<sup>45</sup> AGN's summary of the distributor service standards applicable to its South Australian network are available at <https://www.australiangasnetworks.com.au/gas-connections/the-process/contract-information>

<sup>46</sup> AGN's 'Model Standing Offer for a Basic Connection Service', available at <https://www.australiangasnetworks.com.au/gas-connections/the-process/contract-information>

In addition to the customer protections in the national regulatory framework above (referred to as 'distributor service standards'), individual State and Territory Governments have retained the responsibility for developing service reliability standards to ensure network security and reliability (jurisdictional service reliability standards) under the AEMA.<sup>47</sup>

### **Jurisdictional service reliability standards**

The Commission has not previously set jurisdictional service reliability standards for AGN. This decision has been made on evidence demonstrating that AGN is delivering the reliability outcomes that customer's value without prescribed standards. It is apparent that AGN achieves these outcomes as a by-product of continuing to meet its safety and technical management regulatory requirements set by the Technical Regulator.

For the current review process, the Commission has assessed AGN's latest performance and complaints data, including complaints directed to AGN and those escalated to the Energy and Water Ombudsman SA (EWOSA). This performance and complaints data suggest AGN continues to provide a reliable and satisfactory service to its customers,<sup>48</sup> an outcome driven by the Technical Regulator's public safety requirements.

### **Monitoring and reporting regime**

Although the Commission has not identified a need to prescribe service reliability standards, it has prescribed performance indicators and an associated monitoring and reporting regime.

The Commission's current monitoring and reporting regime applies to two performance areas and requires AGN to provide data on three performance indicators.<sup>49</sup>

Performance area one: AGN's responsiveness to public reports of potential gas leaks

1. Indicator one: AGN's responsiveness to the leaks and emergencies telephone number, and
2. Indicator two: AGN's responsiveness to public reports of potential gas leaks.

Performance area two: AGN customers experiencing poor reliability outcomes.

3. Indicator three: AGN customers experiencing multiple and/or long duration interruptions.

AGN reports to the Commission on these performance areas on a quarterly basis, in the manner and form stipulated in the Gas Industry Guideline No.1. The Commission publishes this performance data on its website annually in its AGN Regulatory Performance Report.

The reporting regime is designed to improve transparency around AGN's leakage management and response performance, identify any poorly performing segments of AGN's network, and gather data to enable future benchmarking of AGN's performance.

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<sup>47</sup> Australian Energy Market Agreement, Annexure 2 clause 19, available at [http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/Australian%20Energy%20Market%20Agreement%20-%20Dec%202013\\_1.pdf](http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/Australian%20Energy%20Market%20Agreement%20-%20Dec%202013_1.pdf)

<sup>48</sup> See Chapter 3 of ESCOSA's AGN Regulatory Frameworks Review 2021-2026 Consultation Paper, available here: <https://www.escosa.sa.gov.au/ArticleDocuments/11399/20190702-Gas-AGN-RegulatoryFrameworkReview2021-2026-Consultation.pdf.aspx?Embed=Y>

<sup>49</sup> AGN publishes its performance against these indicators in its Annual General Report, available at: <https://www.australiangasnetworks.com.au/our-business/about-us/annual-reports>.

## Appendix 2: Table of Amendments

Gas Distribution Licence – Australian Gas Networks Limited (ACN 078 551 685)	
Clause	Commission’s Final Decision
7.2 The <b>licensee</b> must notify the <b>Commission</b> of any changes to its officers or major shareholders (if applicable) within 20 <b>business days</b> of that change.	<p style="text-align: center;"><b>Amended</b></p> <p>Clause amended to ‘within 30 days’ to be consistent with licences issued to other major entities, such as ElectraNet and SA Power Networks.</p>
<p>7.3 The <b>licensee</b> must promptly notify the <b>Commission</b> of any significant reduction in its financial capacity which has potential to impact upon the <b>licensee's</b> ability to carry on the operations authorised by this licence.</p> <p>7.4 Upon request, the <b>licensee</b> must provide the <b>Commission</b> with an accurate description and specification of the <b>distribution system</b> and its components and must promptly update that definition to reflect material changes to the <b>distribution system</b> or <b>gas infrastructure</b>.</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>The Commission has deleted clause 7.3 and 7.4 on the basis that the Energy Industry Guideline 4 – compliance systems and reporting, requires AGN to notify the Commission within 3 business days if it is unfit or unable to continue operations based on its financial, technical or other capacity. This requirement meets the obligations in clause 7.3 and 7.4 and provides a specific timeframe (3 business days).</p>
<p>8.1 The <b>licensee</b> must,</p> <p>(a) prepare a safety, reliability, maintenance and technical management plan dealing with matters prescribed by regulation and submit the plan to the <b>Commission</b> for approval, including, an <b>Unaccounted for Gas</b> Plan comprised of (without limitation) a:</p> <ul style="list-style-type: none"> <li>(i) Leakage Management Plan</li> <li>(ii) Asset Management Plan, and</li> <li>(iii) Mains Replacement Plan</li> </ul>	<p style="text-align: center;"><b>Amended</b></p> <p>Clauses amended to meet the requirements of section 26(1)(b) of the Gas Act.</p> <p>8.1 The <b>licensee</b> must:</p> <ul style="list-style-type: none"> <li>(a) prepare, maintain and periodically revise a safety, reliability, maintenance and technical management plan dealing with matters prescribed by <b>regulation</b></li> <li>(b) obtain the approval of the <b>Technical Regulator</b>: <ul style="list-style-type: none"> <li>(i) to the plan (prior to the commencement of the operation of the distribution system to which the plan relates), and</li> <li>(ii) to any revision of the plan</li> </ul> </li> <li>(c) comply with the plan as approved from time to time in accordance with clause 8.1(b);</li> </ul>

Gas Distribution Licence – Australian Gas Networks Limited (ACN 078 551 685)

Clause	Commission's Final Decision
	(d) undertake audits of its compliance with the plan from time to time and report the results of those audits to the <b>Technical Regulator</b> , in the form required by the <b>Technical Regulator</b> .
<p>10 Confidentiality</p> <p>10.1 The <b>licensee</b> must, unless otherwise required or permitted by law, this licence or an <b>industry code</b>:</p> <ul style="list-style-type: none"> <li>a) comply with any rules determined by the <b>Commission</b> from time to time relating to the use of information acquired by the <b>licensee</b> in the course of operating the business authorised by this licence and</li> <li>b) ensure that information concerning a <b>customer</b> is not disclosed without the <b>explicit informed consent</b> of the <b>customer</b>.</li> </ul> <p>10.2 The <b>licensee</b> must not disclose confidential information to an intelligence or law enforcement agency unless requested to do so by an intelligence or law enforcement agency on the basis that:</p> <ul style="list-style-type: none"> <li>a) disclosure is necessary under the terms of a warrant issued under Division 2 of the Australian Security Intelligence Organisation Act 1979 or under the terms of any other court order, or</li> <li>b) disclosure is reasonably necessary for the enforcement of the criminal law or of a law imposing a pecuniary penalty or for the protection of the public revenue, or</li> <li>c) disclosure is necessary to safeguard the national security of Australia.</li> </ul> <p>10.3 The <b>licensee</b> may accept an assertion of an intelligence or law enforcement agency, without making further enquiry, for the purposes of clause 10.2(b) and clause 10.2(c).</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Clause amended to reflect updated confidentiality clause in new licences issued by the Commission.</p> <p>10.1 The <b>licensee</b> must, unless otherwise required by law, this licence, an <b>industry code</b>, or the <b>National Gas Rules</b>, comply with any <b>rules</b> made by the <b>Commission</b> from time to time relating to the use of information acquired by the <b>licensee</b> in the course of operating the business authorised by this licence.</p>

Gas Distribution Licence – Australian Gas Networks Limited (ACN 078 551 685)

Clause	Commission's Final Decision
<p>10.4 The <b>licensee</b> must ensure that any information received from, or provided to, any related body corporate of the <b>licensee</b> holding a retail licence is only received or provided on non-discriminatory commercial terms.</p>	
<p>Schedule 1 – Definitions</p> <ol style="list-style-type: none"> <li>1. "Act"</li> <li>2. "AEMO"</li> <li>3. "Explicit Informed Consent"</li> <li>4. "Gas Distribution Code"</li> <li>5. 'Gas infrastructure'</li> <li>6. "Gas Metering Code"</li> <li>7. "Retailer"</li> <li>8. "Retail Market Procedures"</li> <li>9. "Small customer"</li> <li>10. 'National Gas Rules'</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Amended.</b> Insert "(SA)" at the end of the "Gas Act 1997" under "Act".</li> <li>2. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>3. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>4. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>5. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>6. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>7. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>8. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>9. <b>Deleted</b> Redundant definition - not referred to in the Licence.</li> <li>10. <b>Addition.</b></li> </ol>

Gas Distribution Code (GDC/06)

Clause	Commission's Final Decision
<p>1.6 Powers under Acts</p> <p>1.6.1 Nothing in this industry code prevents the <b>distributor</b> exercising any power, or obligation to comply with any direction, order or requirement under the <i>Gas Act 1997, Essential Services Act 1981, State Disaster Act 1980</i> or the <i>State Emergency Service Act 1987</i>, or any other relevant legislation.</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Clause amended to reflect updated legislation:</p> <ul style="list-style-type: none"> <li>- <i>The State Disaster Act 1980</i> has been replaced with the <i>Emergency Management Act 2004</i>.</li> <li>- <i>The State Emergency Service Act 1987</i> has been replaced the <i>Fire and Emergency Services Act 2005</i>.</li> </ul>
<p>2.1.1 In operating the distribution system, the distributor must:</p> <p>(a) establish and document (in its safety, reliability, maintenance and technical management plan required under the Gas Act 1997), operational and system security standards for its <b>distribution system</b> and for all <b>connections</b> and proposed <b>connections</b> to its <b>distribution system</b>;</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Amendment removes requirements not prescribed by regulation, and replaces with a high level requirement to comply with the SRMTMP as approved by the Technical Regulator.</p> <p>See below box for amended clause.</p>
<p>2.1.1 In operating the <b>distribution system</b>, the <b>distributor</b> must:</p> <p>(b) maintain the delivery pressure of <b>gas</b> from the <b>distribution system</b> to ensure that:</p> <p>(i) the operating pressure of the <b>gas</b> at the outlet of each meter set for recording a <b>customer's</b> consumption of <b>gas</b> is:</p> <p>(A) 1kPa or more but less than 3kPa for low pressure mains, or</p> <p>(B) 2.75kPa but less than 3.25 kPa for medium or high pressure mains;</p> <p>(C) subject to any written requirement of the <b>customer</b> or agreement between the <b>Technical Regulator</b> and the <b>distributor</b> for <b>gas</b> to be supplied at more than 3kPa; and</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Amendment:</p> <ul style="list-style-type: none"> <li>- Removes duplication and inconsistency with the Gas Regulations in relation to required operating pressures.</li> <li>- Provides a best endeavours requirement for a subset of consumer mains, for the purposes of customer protection (remaining within the regulated 1kpa and 3kpa range).</li> <li>- Better reflects the wording of regulation 38 of the Gas Regulations.</li> <li>- Definitions of high and medium pressure mains added to the Code.</li> </ul> <p>The amended clause:</p> <p>In operating the <b>distribution system</b>, the <b>distributor</b> must:</p>

<p>(ii) the pressure of the <b>gas</b> at each such <b>meter set</b> is within the <b>meter set</b> manufacturer's designated pressure operating range;</p>	<p>(a) comply with the safety, reliability, maintenance and technical management plan as approved from time to time by the Technical Regulator; and for all <b>connections</b> and proposed <b>connections</b> to its <b>distribution system</b></p> <p>(b) use its <b>best endeavours</b> to ensure that at all times the gas is supplied so that the operating pressure of the gas at the outlet of each meter set for recording a <b>customer's</b> consumption of <b>gas</b> is: between 2.75kPa and 3kPa for <b>medium pressure mains</b> and <b>high pressure mains</b> (subject to any written requirement of the customer or agreement between the <b>Technical Regulator</b> and the <b>distributor</b> for <b>gas</b> to be supplied at more than 3kPa)</p>
<p>2.1.1 In operating the <b>distribution system</b>, the <b>distributor</b> must:</p> <p>(e) use its <b>best endeavours</b> to achieve:</p> <p>(i) a level of <b>unaccounted for gas</b> for the <b>distribution system</b> of no more than 1,626 TJ by the end of the 2015/16 regulatory period; and</p> <p>(ii) annual reductions in levels of <b>unaccounted for gas</b> for the <b>distribution system</b> in each year up to and including 2015/16.</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>In its final decision on the AGN regulatory framework to apply from 2016 to 2021, the Commission decided to remove prescribed Unaccounted for Gas (UAFG) performance requirements from the Gas Distribution Code. (UAFG is the difference between the measured quantities of gas entering AGN's distribution network and the measured quantities of gas billed to end use customers).</p> <p>Clauses 2.1.1 (e)(i) and (ii) specify UAFG targets for AGN for the previous regulatory period, which were achieved by AGN, and are now out-of-date and redundant.</p>
<p>2.3 Preconditions to connection</p> <p>2.3.1 Subject to the provisions of the <b>National Energy Retail Law</b> and the <b>National Gas Rules</b>, upon request, a <b>distributor</b> must connect to its <b>distribution system</b> that <b>customer's gas installation</b>, provided that:</p> <p>(e) the <b>customer</b> satisfies the <b>distributor</b> that there is safe and convenient access to the <b>metering installation</b> and the <b>customer's gas installation</b> for:</p> <p>(i) <b>connection</b> or disconnection of supply;</p> <p>(ii) inspection or testing of <b>gas installations</b> or <b>metering installations</b>;</p> <p>(iii) undertaking inspection, repairs, testing or maintenance of the <b>distribution system</b>; and</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>Clause 2.3.1(e) and its subclauses duplicate clauses contained in the NERR model terms and conditions for deemed standard connection contracts, which stipulate minimum requirements for AGN.</p>

(iii) collection of <i>metering data</i> .	
Schedule 1 - Definitions	
1. 'Gas Act'	1. <b>Amended</b> For the purposes of clarification, "(SA)" has been inserted at the end of the "Gas Act 1997" under "Act".
2. 'High pressure main'	2. <b>Addition</b> To provide clarity to clause 2.1.1(b), a definition of <b>medium pressure main</b> has been inserted.
3. 'Medium pressure main'	3. <b>Addition</b> To provide clarity to clause 2.1.1(b), a definition of <b>high pressure main</b> has been inserted
4. 'Unaccounted for gas'	4. <b>Deleted</b> Redundant definition - not referred to in the Code.

Gas Metering Code (GMC/04)	
Clause	Commission's Final Decision
1.4 Application	<b>Amended</b>
1.4.2 The persons bound by this industry code are <i>retailers</i> and <i>distributors</i> .	1.4.2 The persons bound by this industry code are distributors who are registered as <i>Network Operators</i> under the <i>National Gas Rules</i> , and <i>retailers</i> .
2.1 Obligation to install meters	<b>Deleted</b>
2.1.1 Where a <i>metering installation</i> is not provided at a <i>delivery point</i> that supplies a gaslight, at 1 January 2004, the <i>distributor</i> is not required to provide a <i>metering installation</i> .	Deleted on the basis that all existing gaslights are connected to a meter, and AGN is required to meter all new connections.

Gas Metering Code (GMC/04)

Clause	Commission's Final Decision
<p>3.3 Obligation to test metering installations</p> <p>3.3.4 The <b>distributor</b> must publish charges for the testing of metering installations. The charges must be fair and reasonable.</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>Deleted on the basis that the AER regulates Reference Services (including the associated charge and the publication of those charges), and Meter and Gas Installation Testing is a Reference Service.</p>
<p>3.4 Meter classes</p> <p>3.4.1 The initial in-service period of a <b>meter class</b> is a period approved by the <b>Commission</b> (on the recommendation of the <b>Technical Regulator</b>) commencing on the day a <b>meter</b> in that <b>meter class</b> was first used in the supply of <b>gas</b> to a <b>customer</b>.</p> <p>3.4.2 If a <b>distributor</b> intends to retain the <b>meters</b> in a <b>meter class</b> after the end of the initial in-service period for that <b>meter class</b> the <b>distributor</b> must, in addition to the other <b>meter</b> testing provisions in this industry code, establish and maintain a testing and sampling plan approved by the <b>Commission</b> (on the recommendation of the <b>Technical Regulator</b>).</p> <p>...</p> <p>3.4.6 If the test results do not satisfy:</p> <p>(a) the maximum allowable error limits for badge capacity of the <b>meters</b> at 20% and at 100% as set out in clause 2.6, with an <b>uncertainty limit</b> of no more than 1%; and</p> <p>(b) such other requirements of the testing and sampling plan approved by the <b>Commission</b>, then the <b>distributor</b> must replace or recalibrate all <b>metering installations</b> in that <b>meter class</b>.</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Clauses 3.4.1, 3.4.2 and 3.4.6(b) have been amended to require the distributor to obtain technical approvals from the Technical Regulator rather than the Commission.</p>

Gas Metering Code (GMC/04)

Clause	Commission's Final Decision
<p>3.6 Non-compliant meters</p> <p>3.6.1(b) arrange for the accuracy of the <i>metering installation</i> to be restored so that it meets the <i>minimum standards</i> of accuracy, or for the <i>metering installation</i> to be replaced, within 10 <i>business days</i> where the consumption at the <i>delivery point</i> is less than 10 terajoules per annum and 5 business days where the consumption at the <i>delivery point</i> is 10 terajoules per annum or more, or such longer period as may be approved by the <i>Commission</i>.</p>	<p><b>Amended</b></p> <p>Clause 3.6.1(b) has been amended to require the distributor to obtain technical approvals from the Technical Regulator rather than the Commission.</p>
<p>4.2 Meter reading for customer transfer</p> <p>4.2.2 Where a <i>basic meter</i> is installed, the final meter reading prior to a <i>customer</i> transferring to a new <i>retailer</i>, whether a <i>scheduled meter reading</i> or a <i>special meter reading</i>, must be forwarded to the new <i>retailer</i> by the <i>distributor</i> in accordance with clause 4.7.4 or clause 4.7.5, respectively.</p>	<p><b>Deleted</b></p> <p>This requirement is duplicated under the South Australian Retail Market Procedures.</p>
<p>4.6 Storage of metering data</p> <p>4.6.1 The <i>distributor</i> must store <i>metering data</i> in respect of separate <i>metering installations</i>, in the form in which it was collected under clause 4.3:</p> <ul style="list-style-type: none"> <li>(a) in an accessible format for a minimum period of 16 months from the date of the <i>meter</i> reading; and</li> <li>(b) in archive for 7 years from the date of the <i>meter</i> reading.</li> </ul>	<p><b>Deleted</b></p> <p>Clause 168 of the South Australian Retail Market Procedures duplicates the requirements under clause 4.6 of the Gas Metering Code.</p>

Gas Metering Code (GMC/04)

Clause	Commission's Final Decision
<p>4.7 Access to metering data</p> <p>4.7.1 The <i>distributor</i> must give a <i>retailer's customer</i> access to data stored in a <i>metering installation</i> used to measure and record the amount of <i>gas</i> supplied to its <i>delivery point</i>, either by inspecting the <i>metering installation</i> or, where available, by electronic access to the <i>metering installation</i>.</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>Deletion of subclause 4.7.1. The NERR addresses this requirement.</p>
<p>4.7.2 Where data is available by electronic means, the <i>distributor</i> must, on written request from a <i>customer's retailer</i>, provide facilities to enable the <i>customer</i> to access data stored in a <i>metering installation</i> where it is available by electronic means.</p> <p>4.7.3 Where the <i>distributor</i> has provided facilities to enable the <i>retailer's customer</i> to access data stored in a <i>metering installation</i> by remote electronic means, if remote electronic access to the <i>metering installation</i> is unavailable for a period of 5 consecutive <i>business days</i> due to the actions within the control of the <i>distributor</i>, the <i>distributor</i> must, if requested by the <i>retailer's customer</i>, obtain data locally from the <i>metering installation</i> and provide that data to the <i>retailer's customer</i> at the <i>distributor's</i> cost.</p>	<p style="text-align: center;"><b>Addition of new clause</b></p> <p>4.6.3 When providing data required under clauses 4.6.1 (4.7.2) and 4.6.2 (4.7.3), this data must be provided within the timeframes required for the provision of this data contained in the <i>Retail Market Procedures</i>.</p>
<p>4.7.4 The <i>distributor</i> must ensure that access is provided for the <i>retailer</i> to <i>metering data</i> (whether actual, substituted under clause 4.4 or estimated under clause 4.5), at the frequency agreed, by 5.00 pm on the first <i>business day</i> after that <i>metering data</i> has been collected.</p> <p>4.7.5 The <i>distributor</i> must ensure that access is provided for the <i>retailer</i> to <i>metering data</i> from <i>special meter reads</i> and final meter reads, by 5.00 pm or the first <i>business day</i> after that <i>metering data</i> has been collected.</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>The Commission has deleted subclause 4.7.4 and 4.7.5 of the Code as the requirements are duplicated in clause 158 of the SA Retail Market Procedures.</p>

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Clause	Commission's Final Decision
<p>4.7.6 Where access is provided for the <b>retailer</b> to <b>metering data</b> under clauses 4.7.4 and 4.7.5, the <b>distributor</b> must ensure that any additional data required by the <b>retailer</b> to meet its obligations under the <b>National Energy Retail Law</b> is also provided.</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Clause 4.6.4 (4.7.6) amended to require NERL timeframes to be met for additional data.</p> <p>4.6.4 Where access is provided for the <b>retailer</b> to <b>metering data</b>, the <b>distributor</b> must ensure that any additional data required by the <b>retailer</b> to meet its obligations under the <b>National Energy Retail Law</b> is also provided and that any timeframes for the provision of this additional data imposed under the <b>National Energy Retail Law</b> are complied with.</p>
<p>5.1.1 The <b>distributor</b> must, within three months after the issue of its distribution licence or the commencement of this industry code, whichever is the later, prepare and submit to the <b>Commission</b> for its approval (after consideration by the <b>Technical Regulator</b>), a Gas Measurement Management Plan.</p> <p>5.1.3 The <b>distributor</b> must annually review and, if necessary, update the plan to ensure its efficient operation, and submit the updated plan to the <b>Commission</b> for approval (after consideration by the <b>Technical Regulator</b>).</p> <p>5.1.5 The <b>distributor</b> must not amend the plan without the approval of the <b>Commission</b>.</p>	<p style="text-align: center;"><b>Amended</b></p> <p>Clauses 5.1.1, 5.1.3 and 5.1.5 have been amended to require the distributor to obtain technical approvals from the Technical Regulator rather than the Commission.</p>
<p>Definitions:</p> <ol style="list-style-type: none"> <li>1. "Estimated read"</li> <li>2. "Basic meter"</li> <li>3. "Interval meter"</li> <li>4. "Meter"</li> <li>5. "MIRN"</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Amended</b> Estimated value added as a defined term. Definition of estimated read amended.</li> <li>2. <b>Amended</b> Amend the definition for "basic meter" to the definition in the Retail Market Procedures</li> <li>3. <b>Amended</b> Amend the definition for "interval meter" to the definition in the Retail Market Procedures.</li> <li>4. <b>Amended</b> Amend the definition for "MIRN" to the definition in the Retail Market Procedures.</li> </ol>

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Clause	Commission's Final Decision
6. "Network Operator"	5. <b>Amended</b> Amend the definition for "meter" to the definition in the Retail Market Procedures.
7. "Related body corporate"	6. <b>Addition</b> Definition added for purposes of amendment to clause 1.4.2.
8. "Scheduled meter reading"	7. <b>Amended</b> Amended the definition for "related body corporate" to correct the <i>Corporations Act</i> to 2001 and not 2000.
9. "Special meter reading"	8. <b>Amended</b> Minor amendment to improve consistency
10. "Supply address"	9. <b>Amended</b> Amended to reflect the definition in the Retail Market Procedures to improve consistency.
11. "Technical Regulator"	10. <b>Deleted</b> Redundant definition - not referred to in the Code.
12. "Telemetry"	11. <b>Addition</b>
	12. <b>Amended.</b> Definition amended to be technology neutral.

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Clause	Commission's Final Decision
<p>1.2.4 Clause 7.4 of the <i>distribution licence</i> requires AGN to provide the <i>Commission</i> with an accurate description and specification of the <i>distribution system</i> and its components and must promptly update that definition to reflect material changes to the <i>distribution system</i> or <i>gas infrastructure</i>.</p>	<p style="text-align: center;"><b>Deleted</b></p> <p>This clause has been deleted as the Commission has deleted clause 7.4 from AGN's gas distribution licence.</p>
<p>3.4 "Proforma OP 1. – Responsiveness to public reporting of gas leaks"</p>	<p style="text-align: center;"><b>Amended</b></p> <p>"Proforma OP 2. – Responsiveness to public reporting of gas leaks"</p>
<p>3.5 "Proforma OP 2. – Customer interruptions"</p>	<p style="text-align: center;"><b>Amended</b></p> <p>"Proforma OP 3. – Customer interruptions"</p>
<p>3.6 "Proforma OP 3. – Statistical information"</p>	<p style="text-align: center;"><b>Amended</b></p> <p>"Proforma OP 4. – Statistical information"</p>
<p>3.7 "Proforma OP 4. – Responsibility statement"</p>	<p style="text-align: center;"><b>Amended</b></p> <p>"Proforma OP 5. – Responsibility statement"</p>
<p>Schedule 1 - Definitions</p> <ol style="list-style-type: none"> <li>1. "Gas"</li> <li>2. 'Delivery point,'</li> <li>3. 'Gas installation'</li> <li>4. 'Receipt point'</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Amended</b> Amended to reflect definition contained in the Gas Act.</li> <li>2. <b>Deleted</b> Redundant definition - not referred to in the Guideline.</li> <li>3. <b>Deleted</b> Redundant definition - not referred to in the Guideline.</li> <li>4. <b>Deleted</b> Redundant definition - not referred to in the Guideline.</li> </ol>



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