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Queensland Competition Authority
GPO Box 2257
Brisbane
Qld 4001

By email: gas.submissions@qca.org.au

**Re: Draft Decision : Revised Access Arrangements for Gas Distribution
Networks : Allgas**

TRUenergy welcomes the the opportunity to comment on the above mentioned draft decision paper. In addition to addressing the specific issues raised by QCA in the consultation paper, TRUenergy wishes to offer comment regarding other proposed Terms and Conditions that form part of the proposed Access Arrangements that are not explicitly mentioned in the consultation paper.

Our credentials:

TRUenergy, together with its parent CLP, has over \$4.5 billion in Australian assets and is Asia's largest private sector investor in generation with over 17,000 MW in operation and under construction. TRUenergy is Australia's 5th largest, and Victoria's 2nd largest, energy Retailer, employing over 1500 people and with more than one million residential and business gas and electricity customers in Victoria, South Australia, New South Wales, Queensland and the ACT.

TRUenergys also owns and operates a diverse range of generation and natural gas processing assets across Australia including:

- The 1480MW Yallourn coal-fired power station and associated mine in Victoria.
- The 1280MW Torrens Island gas-fired power station in South Australia (Australias largest gas-fired power station).
- The Iona gas processing and storage facility near Port Campbell in Victoria
- A permit to develop a 400MW combined cycle gas turbine energy facility near Wollongong in NSW.
- A one third share in the strategically important Melbourne to Adelaide SEAgas pipeline

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Comments regarding specific issues raised in the consultation paper.

Amendment 4.1

In order for Allgas' access arrangement to be approved, Allgas must amend its terms and conditions to include a requirement on the network operator to maintain the quality of gas injected into the network in accordance with the relevant legislation.

TRUenergy agrees with QCA's draft determination. Consistent gas quality standards across the Allgas network is necessary and the network operator should be obligated to maintain this standard.

Amendment 4.2

In order for Allgas' access arrangement to be approved, Allgas must adjust its invoicing policy so that it is required to provide sufficient information to allow reconciliation of DUOS charges at an individual customer level.

TRUenergy agrees with QCA's draft determination. This is a mandatory requirement by TRUenergy for all of its commercial transactions from service providers.

Amendment 4.3

In order for Allgas' access arrangement to be approved, Allgas must amend section 3.4 of the terms and conditions so that Allgas will have an obligation to maintain the network in accordance with good engineering and industry practices.

TRUenergy agrees with QCA's draft determination. Whilst we would have preferred (because of the importance of the distribution infrastructure) that "good engineering and industry practices" might have been replaced with "best engineering and industry practices", we acknowledge that the QCA's suggested wording has been retained from the current access regime.

Amendment 4.4

In order for Allgas' access arrangement to be approved, Allgas must amend its terms and conditions to the effect that revisions to MDQ for demand customers can only occur where the demand customer has an interval meter.

TRUenergy agrees with QCA's draft determination.

Amendment 4.5

In order for its access arrangement to be approved, Allgas must amend section 4.2.1(a) to the effect that Allgas will ensure that the metering at each delivery point of a volume customer is read every 90 days (or approximately every 90 days).

TRUenergy agrees with QCA's draft determination. Timely reading of meters (particularly for volume customers) is an important service underpinning the success of FRC markets. Alignment of this matter with

Envestra's obligations also helps reduce Retailers cost to end use customers.

Amendment 4.6

In order for Allgas' access arrangement to be approved, Allgas must include provisions in sections 12 of its terms and conditions that:

- *set out the order of priority with which various types of users will be subject to interruptions or curtailments of reference services;*
- *sets out how Allgas will treat users of reference services with the same priority when interrupting or curtailing reference services, noting that users with the same priority will be treated in an equitable manner;*
- *provides customers with the right to request an explanation from Allgas as to why they have been placed in a particular category; and*
- *requires Allgas to seek the views of retailers in establishing its order of priority for curtailment.*

TRUenergy agrees with QCA's draft determination. TRUenergy's experience in other FRC markets has been that information disclosure is imperative at times of curtailment. We also agree that it is important that network are informed of the end user's views when establishing curtailment priority

Comments regarding proposed Terms and Conditions not included in the consultation paper.

Whilst acknowledging that these elements may be out of scope of the current consultation, TRUenergy asks the Authority to consider these comments when drafting the final decision.

Liability and limitation of liability.

The limitation of liability in the Allgas proposed terms should be removed so that it is consistent with standard terms and conditions in other gass markets. The limit of \$100,000 currently proposed by Allgas is clearly unreasonable. The Allgas proposed terms should require the Distributor to indemnify the retailer against any damage that is caused to the property (and/or personal injury of an employee or agent) of the retailer or a customer of the retailer as the result of a negligent act by the Distributor in connection with the provision of network services or the operation or maintenance of the network.

Customer information/privacy/confidentiality.

TRUenergy queries why the distributor would require access to information on producers. (See Upstream Contract Information below.)

The proposed terms for Allgas oblige the retailer to procure the assistance of customers and producers when required. Subject to our comments in the previous paragraph, this obligation should be limited to the use of "reasonable endeavours" to procure assistance.

Upstream contract information.

TRUenergy currently has no upstream supply or transportation contracts in Queensland. Further, the development of the Queensland gas retail market is only just commencing. Accordingly, it is difficult for TRUenergy to comment at this stage on the proposed terms and conditions. However TRUenergy offers the following preliminary comments:

- TRUenergy objects to the proposed obligation to provide details of upstream gas contract arrangements in the Allgas terms (clause 10), as the proposed obligation is highly unusual and may include confidential information.
- The gas balancing obligation in the Allgas terms (clause 3.5) may be difficult for retailers to meet, depending on the relevant market arrangements that ultimately emerge.

Disputed invoices.

Allgas's proposed terms should require the retailer to only pay the amount of the invoice not genuinely disputed. This would be consistent with Envestra's standard terms and conditions in Queensland.

Review and amendment.

Given the nascent state of market rules in Queensland, it is appropriate for the proposed terms to expressly include a requirement for the parties to review and negotiate in good faith amendments in the event of regulatory change. This would be consistent with arrangements in other gas markets.

Planned Maintenance.

TRUenergy is satisfied provided that a reasonable notice period is provided and is consistent between both distributors.

Customer relationship.

The proposed terms for Allgas should include a provision for the distributor to indemnify the retailer for claims by customers relating to quality of, or interruptions to, the supply of gas. This would be consistent with arrangements in other gas markets.

If you require additional information or clarification regarding any of the above please do not hesitate to contact me by telephone on 03 8628 1233 or email bruce.page@truenergy.com.au.

Yours sincerely,

Bruce Page
Regulatory Manager