

# Gas Networks Victoria - Submission to Gas Distribution System Code of Practice review: Issues Paper

## Submission received through Engage Victoria

From 21 March to 4 May 2023, the commission accepted submissions on our Issues Paper for the Gas Distribution System Code of Practice review via Engage Victoria. On the 20 April 2022 we hosted a public stakeholder information session on the project. We will use these submissions to inform our draft decision.

Only consultation questions with a response are included.

## Date submitted: 4 May 2023

### 1. Overall, do you support the scope of our proposed review of the code?

By way of background, GNV is in a different position to other Victorian Distribution networks in that it is a non-declared distribution system. GNV is also a small distribution network as it supports approximately 1000 retail customers across 10 regional Victorian towns.

Whilst GNV supports the scope of the proposed review of the Code, we note that the cost and complexity in implementing any changes is likely to be more material to a business of the scale of GNV and may impact pricing for consumers.

### 2. Are the proposed criteria in our assessment framework appropriate?

GNV agrees that the proposed criteria in the assessment framework are appropriate, however reiterates the resources that may be required to implement any changes and possible cost implications on GNV and subsequently for consumers.

### 3. Do you consider the current connections framework for gas retail customers appropriate? Why or why not?

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

**4. What options should we consider when reviewing the connections framework for gas retail customers?**

GNV is supportive of any connections framework that allows distributors to charge for costs incurred in relation to a connection. This would ensure connection costs are not subsidised by other users on the network and provide distributors with more certainty when managing costings and forecasting expenditure and associated charges.

**5. Do you agree with the introduction of obligations to provide information to customers about changes in the type of gas supplied?**

GNV agrees with the introduction of these obligations to ensure consistency across jurisdictions, however GNV is concerned that the obligations imposed on a distributor will not reflect the knowledge and control it practically has on the type and composition of gas going into its network.

GNV also notes that the industry is facing considerable consultation and development of practices and associated regulation around the use and composition of future gases within distribution networks. Before any obligations in this area are imposed on distributors, GNV believes that further work is required on clarifying the roles and responsibilities of all stakeholders (including retailers, blending processing facilities, regulators, transmission pipelines) and also ensuring there are clear standards to ensure information on gas type is measured and communicated consistently.

Therefore, GNV is of the view these obligations should be extended to the retailers who procure the gas. There needs to be clarity around the distributor's role and also relationship with the retailer in providing this information and ensuring responsibilities are allocated accordingly.

ESC should also ensure it isn't building principles into the Code that won't meet the changing environment in relation to the introduction of hydrogen for example. ESC should consider building notice requirements into the Code for customers (for changing the type of gas) so that they have notice to update their appliances etc.

**6. Are there other options to introducing equivalent obligations proposed for the National Energy Retail Rules that we should consider?**

**7. Should we remove the overlap of metering obligations in the code and in Part 19 of the National Gas Rules?**

If these obligations are removed, GNV will not be subject to any regulation in relation to metering requirements. It is therefore proposed that metering obligations are retained in the

Code, but that it is qualified by a statement that it is only applicable to non-declared distribution networks not covered by Part 19 of the National Gas Rules.

**8. What options to the regulation of metering requirements for non-declared distribution systems should we consider?**

See answer to above question. It should also be noted any changes to metering requirements will have a disproportionate impact on smaller non-declared distribution networks.

**9. Do you consider that the current arrangements for deemed distribution contracts and customer obligations results in uncertainty for customers and industry that is burdensome or harmful?**

**10. Should we include customer obligations and prohibitions in the code?**

GNV would welcome the inclusion of clear customer obligations in the Code. These obligations should include what is expected of a customer when a distributor seeks to enter their property, as well as expectations in relation to protection of meter installations from damage and unfettered access (i.e. bushes, fences, gates, dogs).

**11. Do you have any views on the removal of Part D of Schedule 1 from the code?**

GNV considers it appropriate for Part D of Schedule 1 to be removed, however it remains unclear what the mechanism is for having daily charges of the HHV when GNV does not read the volume used daily for meters &lt;10TJ/year.

**12. Do you have any views on the removal of Schedule 3 from the code?**

GNV would welcome the removal of any duplication in relation to Standards monitored and enforced by ESV, however some references to Standards within the body of the Code will still need to be retained such as AS4944 for meter testing.

**13. Are any clarifications needed in relation to disconnection and reconnection obligations?**

GNV considers there should be clearer definition and separation between short term disconnections at the meter and longer term abolishment or abandonment. The circumstances for each should be specified, including bad debt, change of ownership or safety/compliance for short term disconnections, and disconnection of the gas service to the property (normally on the main in the street) for longer term abolishment or abandonment.

There should also be a clear link between the customer obligations that are foreshadowed to be included in the Code and a distributor's responsibility to disconnect a customer. For example, if there is a requirement for a distributor to abolish a customer's connection, the

customer should have an obligation to pay for the gas service to be disconnected to the property and the cost of digging up the service and capping off.

There are significant differences in the costs associated with how various disconnections are defined and to be practically carried out, with a distributor being required to recover such costs from customers either directly on disconnection or indirectly through higher fees to the overall customer base. The ability for distributors to charge disconnection fees, and in what circumstances, should be clarified. Clarification not only assists the network operator but also the customer as the cost incurred for various disconnection types will need to be passed onto the customer.

**14. Should we specify clearer timeframes for when Guaranteed Service Levels payments must be made?**

**15. Are there any further consequential changes to the code required due to the recent amendments to the National Gas Rules relating to distribution connected facilities?**

Distributors should be protected in terms of quality, quantity and consistency of gas entering the distribution system at connected facility sites.

**16. What factors should we account for when considering our role in the framework for setting unaccounted for gas benchmarks in Victoria?**

**17. What factors should we consider when assessing whether or not to assign obligations in the code as civil penalty requirements?**

Civil penalties should be used sparingly and as a punishment where there has been a breach of obligations that have a material impact on customers or cause a detriment to customers.

**18. Do you have any views on our proposed approach in relation to compliance and performance reporting obligations?**

GNV supports including compliance and performance reporting obligations as a Schedule to the Code, however reporting obligations should be proportionate to the consequences.

**19. Can you identify any other changes we may need to make as a consequence of remaking the Gas Distribution System Code of Practice?**

**20. Are there any other issues we should consider as part of this review?**

Consideration should be given to the fact that GNV is unique within the Victorian distribution network in that it is not a Covered Pipeline and is a non-declared distribution system. We would seek clarity on the obligations that do and do not apply to GNV.

“Tariff V” customers should be defined.

Under 3.2(a)(i), it may not be practicable to request two offers due to the location of regional towns within which GNV operates.