

Your Ref C/12/37633

20 December 2012

Jeff Cefai  
Director Energy  
Essential Services Commission Victoria  
Level 2 / 35 Spring Street  
Melbourne Victoria 3000

By email: [energy.submissions@esc.vic.gov.au](mailto:energy.submissions@esc.vic.gov.au)

Dear Mr Cefai

### **Re: 2012 Victorian GAAR – Setting UAFG Benchmarks**

SP AusNet notes that Essential Services Commission (Commission) has commenced a review of the Unaccounted for Gas (UAFG) benchmarks set out in Schedule 1, Part C of the Gas Distribution System Code (Code), Version 9.0 (refer Appendix 1). It is undertaking this task to support the Gas Access Arrangement Review of the Victorian gas distributors being undertaken by the AER. SP AusNet assumes that the AER has supplied the relevant information, as provided by the distributors as part of their respective proposed access arrangements, for this review as part of this process. Nonetheless, SP AusNet is providing the necessary information in this submission for completeness.

The submission consists of an attachment that reproduces the relevant sections of SP AusNet Revised Access Arrangements as they related to the calculation of UAFG benchmarks and the supporting Appendix.

The ESCV notes as part of its call for submissions that the “UAFG benchmarks in the Code do not continue beyond 2012. A ministerial order is expected to be made to extend the 2012 benchmarks until the Code is amended to specify UAFG benchmarks beyond 2012. The Commission anticipates that the Code will be amended to specify benchmarks to take effect from 1 July 2013.”

SP AusNet does not agree with above statement.

The businesses have proposed to the DPI that any ministerial order made should clarify that the new benchmarks, for the purposes of distributor – retailer reconciliation in accordance with the Gas Distribution Code, will have financial effect from 1 January 2013. This will ensure that the intent of the original incentive scheme – that new benchmarks based on full public consultation are effective from 1 January 2013 – is honoured. Any other outcome will unfairly penalise the businesses for millions of dollars through an unintended administrative oversight.

Should you have any questions in relation to this matter please contact Tom Hallam, Manager Economic Regulation on 9695-6617 or Katie Yates on 9695-6622.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'AP', with a long horizontal flourish extending to the right.

Alistair Parker  
**Director Regulation and Network Strategy**