# Unaccounted for gas (UAFG) benchmarks review 2022

## Submissions received through Engage Victoria

Between 31 October and 25 November 2022, we consulted with the community to accept submissions on our unaccounted for benchmarks review 2022 via Engage Victoria (www.engage.vic.gov.au). On this website, people were given the opportunity to send us a response to a set of questions we provided as well as any comments they may wish to provide.

**Submission by:** **Travis Worsteling**

**Organisation (if applicable):** **EnergyAustralia**

**Q. Do you consider rolling over the current unaccounted for gas benchmarks for the six months transitional period to be appropriate?**

Yes

**Q. What benchmarks should we consider and why? Are there any alternative approaches or frameworks we could consider that may work better to manage the transitional period?**

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**Q. Are there any issues we may have missed in relation to the transitional benchmarks?**

It is reasonable for the existing unaccounted for benchmarks to be used for the transitional period, as there is little difference in the existing benchmarks and the proposed for the 2023 to 2028 period. However, as there is little difference and there does not appear to be any administrative or technical issues that would impede establishing the new benchmarks, it might be more appropriate to apply the new benchmarks in the transitional period.

**Q. Are there any other matters we should consider with respect to the proposed benchmarks for the gas distributors' next regulatory period based on our proposed methodology?**

EnergyAustralia appreciates that the ESC does not intend to review the methodology, as it was consulted on during the previous benchmark review. However, due to the ever changing nature of the energy market, we believe it is valid to raise the concerns we have with the methodology and the impacts it will have on consumers.

Firstly, the five year period seems excessive considering the rate of change and uncertainty in the market, particularly in the gas space (with the introduction of hydrogen and renewable gases). Locking in a UAFG for a five year period will likely lead to negative outcomes for customers. For example, the UAFG of 4% set for AGN is based on settled data to 2018, since this time AGN has virtually completed its low pressure mains replacement program, a program that has cost consumers >$200 million, which should have resulted in a reduction in the UAFG achievable by AGN. EnergyAustralia believes it is unequitable for consumers to incur significant expense for a mains replacement program and then to again be charged (through pass through charges from their energy retailers) where a distribution network achieves less UAFG.

In AGN's example, it appears that the historical losses from the mains have been replaced with telemetry losses from metering issues; heating values discrepancies from the high pressure to low pressure mains at a customer's meter. EnergyAustralia questions how the bulk of the 4% UAFG benchmark for AGN could be in telemetry losses when the maximum allowable error limit from meters is 2% in favour of the distributor:

Part B of Schedule 1 of the GDSCoP states that the maximum allowable variance in quantity from the agreed true quantity for a gas meter shall be:

- (a) not more that 2 percent in favour of the distributor;
- (b) not more that 3 percent in favour of the customer.

EnergyAustralia understands that AEMO is considering implementing zonal heating values in Victoria, which would improve the heating value issues that are impacting the distribution networks. In the event that zonal heating values are adopted in Victoria, we believe the ESC should allow for the UAFG to be reviewed and amended, outside of the 5 year review period. We would also request the ESC to limit any approval of telemetry (heating value or metering errors) outside of the allowable ranges set in the Gas Distribution Systems Code of Practise.

**Q. Do you have any concerns with the proposed code amendments?**

EnergyAustralia has no concerns with the proposed code amendment

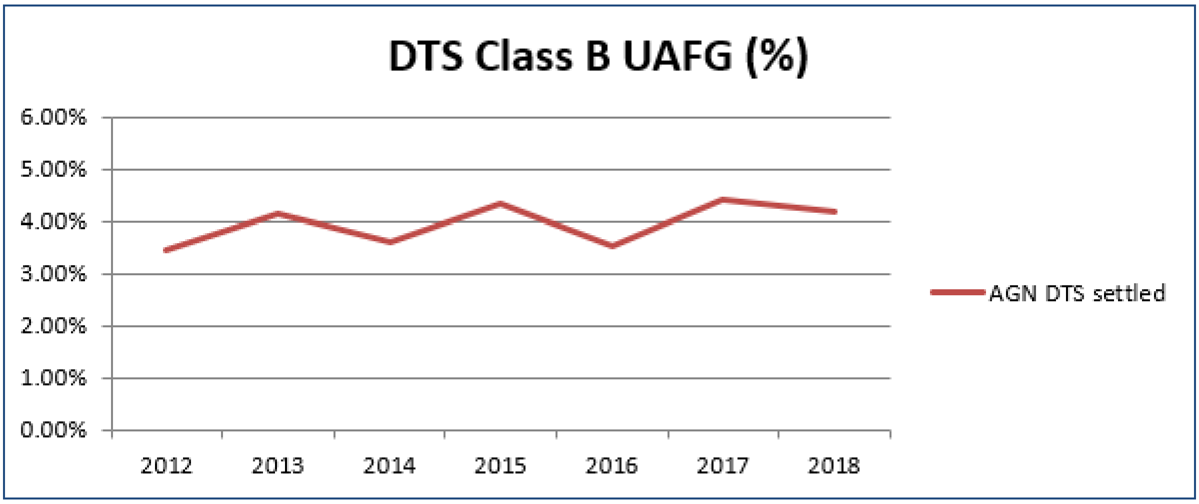
**Energy Australia also made a submission direct to the commission separate from Engage Victoria. This is outlined below.**

We accept the 6 month extension, as it is understandable that the complexity of receiving updated information would be too hard.

We also accept the methodology being applied, setting benchmarks on what has occurred historically is less risky than forecasting incorrectly.

The only area of concern is that AGN's Class B UAFG hasn't reflected any improvement from the mains replacement program. Would it be possible in the case of AGN (because they are so close to the end of their replacement program) to base their UAFG off unsettled data, at least up to 2020/21?

Figure 2 AGN DTS settled data UAFG performance




The main concern is that this UAFG seems high when considering the improvements to their network, so setting the UAFG at 4% will lead to a win fall for AGN in the 2023-2028 period. As customers have already paid for the mains replacement, it doesn't seem fair that they would be provided an increase loss allowance for AGN in this period (particularly considering the increased cost of living concerns that are forecast).

**Submission by:** Anonymous 1

**Organisation (if applicable):** None

**Q. Do you consider rolling over the current unaccounted for gas benchmarks for the six months transitional period to be appropriate?**

No

**Q. What benchmarks should we consider and why? Are there any alternative approaches or frameworks we could consider that may work better to manage the transitional period?**

Open new gas fields eg Latrobe Valley coal seam gas (known reserve, easily extracted).

**Q. Are there any issues we may have missed in relation to the transitional benchmarks?**

Delusional reliance on solar and wind power not proven to scale or with sufficient base load capability.

**Q. Are there any other matters we should consider with respect to the proposed benchmarks for the gas distributors' next regulatory period based on our proposed methodology?**

Yes, ensure sufficient gas supply to domestic market, before allowing any export supply.

**Q. Do you have any concerns with the proposed code amendments?**

It appears to be unrealistic, just wishful thinking.