



10 May 2013

Jeff Cefai  
Director of Energy  
Essential Services Commission of Victoria  
Level 37 / 2 Lonsdale Street  
Melbourne Victoria 3000

[by email]

Dear Mr Cefai

**RE: GAS DISTRIBUTION SYSTEM CODE - REVIEW OF UNACCOUNTED FOR GAS BENCHMARKS**

Origin welcomes the opportunity to comment on Essential Services Commission's Draft Decision on its Review of unaccounted for gas (UAFG) benchmarks.

Origin supports the draft benchmarks determined by the Commission. Origin also supports the ESC's decision not to allow increases in UAFG benchmarks where distributors have not substantiated why UAFG is increasing.

Origin questions Multinet's assertion that spending on mains replacement will have no effect on reducing UAFG because leakage on remaining pipes will increase. This does not seem logical. The rate of leakage from remaining pipes may increase, but these leaky pipes will make up a shrinking proportion of the overall network. As a result, for the effect of mains replacement to be negated entirely, leakage on the remaining cast iron pipes would need to increase at a growing rate, eventually approaching very high levels. This seems intuitively unlikely. Were this the case, it would also bring into question the safety of the older portion of the network.

Origin notes and supports the Commission's finding that "the study SP AusNet commissioned recommends a broader understanding of UAFG is needed, and that the quality of data available in all UAFG categories can be improved". While distributors may not be in a position to control all the factors driving increases in UAFG, as owners of the distribution networks they have control over more of these factors than any other party. As such, they are best placed to monitor and understand these. Origin notes that even the research funded by SP Ausnet is inconclusive as to which measures distributors should focus on to reduce UAFG. Further research is a priority.

If you have any questions regarding this submission please contact me in the first instance on (03) 9652 5555.

Yours sincerely

[SIGNED]

Steven Macmillan  
Regulatory Manager