



EnergyAustralia

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Con Sagonas
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Dear Con

Lodged electronically: energy.submissions@esc.vic.gov.au

ESC 2017, Review of Unaccounted for Gas Benchmarks: Draft Decision – Calculation, October 2017

EnergyAustralia is one of Australia's largest energy companies with over 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market (NEM). We are the only retailer on Ausnet's non-DTS Coastal pipeline.

EnergyAustralia welcomes the opportunity to make a submission to the Essential Service Commission's (the Commission) Review of Unaccounted for Gas (UAFG) Benchmarks. In particular we wish to comment on the draft benchmark for Ausnet's non-DTS pipeline.

We support the view presented by the Commission that Ausnet's benchmark should not be increased. Ausnet have not provided enough evidence to demonstrate that recent historical levels of UAFG represent an efficient level of UAFG. Ausnet have been investigating the rapid increase in UAFG but have not completed these investigations. As UAFG was relatively stable between 2006 and 2011, it would be inappropriate at this stage to assume that recent levels are efficient and a suitable basis for setting the new benchmark. The benchmark is set to incentivise distributors to efficiently minimise UAFG levels and increasing the current benchmark would undermine this purpose. Any increase in the benchmark will reduce incentives to efficiently invest in the network which will lead to continuous cost impacts for customers.

If you would like to discuss this submission, please contact Georgina Snelling

Regards

Melinda Green
Industry Regulation Leader