



DECISION AND STATEMENT OF REASONS

Decision

The AER directs Jemena Gas Networks (NSW) Ltd (Jemena) under r. 53 of the National Gas Rules (NGR) to consolidate the access arrangements for its four covered pipelines:

- Wilton-Newcastle trunk pipeline
- Wilton-Wollongong trunk pipeline
- AGL NSW distribution system
- AGL Central West distribution system,

subject to the following conditions:

- The consolidation remains in force until revoked by the AER
- The service provider must separately prepare, maintain and keep information about the capital base of the:
 - (i) Wilton–Newcastle trunk pipeline
 - (ii) Wilton–Wollongong trunk pipeline
 - (iii) AGL NSW distribution system and AGL Central West distribution system.

The AER makes this direction under r. 53 of the NGR, which allows the AER to direct a service provider to submit a consolidated access arrangement for two or more covered pipelines.

In making this direction, the AER has had regard to the nature of the pipelines and the pipeline services provided by Jemena Gas Networks (NSW) Ltd.

Statement of Reasons

The direction to consolidate has been given:

- To better reflect the operation of the Jemena Gas Networks (NSW), in which bundled services are provided within the network with, in most cases, the same terms and conditions of access.

- To reduce the regulatory burden for the service provider. As many of the terms and conditions of access of the pipeline services are common for all the pipelines a single consolidated access arrangement (rather than separate access arrangements) can eliminate duplication and significantly reduce the cost of regulation for the service provider.
- To provide Jemena with regulatory certainty for the upcoming access arrangement period, as its existing access arrangement was consolidated by the Independent Pricing and Regulatory Tribunal.
- To improve efficiency in administering the access arrangement. Given that many of the compliance and regulatory requirements are common across all of Jemena's four covered pipelines, consolidation of the access arrangements into a single access arrangement streamlines any review of these access arrangements and their ongoing administration by the AER, which has benefits for users, prospective users and the service provider.

Background to the consolidation request

On 16 April 2009 Jemena wrote to the AER, requesting that the AER direct it to consolidate its four access arrangements. The AER consulted on the proposed consolidation direction with the service provider and other interested parties from 11 May 2009 to 22 May 2009. Jemena provided a submission on the proposed conditions of the consolidation direction on 21 May 2009. No other submissions were received.

Jemena's current access arrangement (covering the period 1 July 2005 to 30 June 2010) operates under a consolidation direction from the IPART made on 26 November 2004.

This request is also related to a request by Jemena for an extension of the scheduled date for submission of its access arrangement proposals. The AER has separately addressed this issue.

A copy of Jemena's letter to the AER and the submission made by Jemena can be found at www.aer.gov.au.