

# Submission to the Essential Services Commission

## Re: 2010 Annual Tariff Report

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Contact: Andrew Schille

Phone: (03) 8540 7818

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## 1 Introduction

Multinet is the largest distributor of natural gas in Victoria and serves connections in Melbourne's inner, outer eastern and south-eastern suburbs. Multinet owns the distribution network assets used to transport gas from the high-pressure transmission network to the premises of residential, commercial, and industrial gas users.

It also has two rural based networks that have been constructed with the assistance of subsidies received from Regional Development Victoria. These areas being nine townships in the Yarra Valley located in outer eastern metropolitan Melbourne and five townships in South Gippsland Victoria.

### 1.1 Licensing basis

Multinet's current Access Arrangement was approved 19 May 2008. A requirement of the revised Arrangements is the production of an annual tariff report. This report is intended to meet the requirements of Multinet's Access Arrangement to enable users to understand the basis of tariff and the their policies for 2010.

### 1.2 Application period

The tariffs proposed in this report and the tariff model are intended to apply from 1 January 2010 through to 31 December 2010.

### 1.3 Post Codes

The post codes that are applicable for Reference and Ancillary Tariffs are listed below. These post codes are also included in the company's Distribution Licence.

#### **Melbourne Metropolitan Area**

3004, 3006, 3097\*, 3101, 3102, 3103, 3104, 3105, 3106, 3107, 3108,  
3109, 3111, 3113, 3114, 3115, 3116, 3122, 3123, 3124, 3125, 3126, 3127,  
3128, 3129, 3130, 3131, 3132, 3133, 3134, 3135, 3136, 3137, 3138, 3140,  
3141, 3142, 3143, 3144, 3145, 3146, 3147, 3148, 3149, 3150, 3151, 3152,  
3153, 3154, 3155, 3156, 3158, 3159, 3160, 3161, 3162, 3163, 3165, 3166,  
3167 3168, 3169, 3170, 3171, 3172, 3173, 3174, 3175\*, 3177, 3178, 3179,  
3180, 3181, 3182, 3183, 3184, 3185, 3186, 3187, 3188, 3189, 3190, 3191,  
3192, 3193, 3194, 3195, 3196, 3197, 3201\*, 3202, 3204, 3205, 3206,  
3207, 3765, 3766, 3767, 3770\*, 3781, 3782, 3783, 3785, 3786, 3787,  
3788, 3789, 3791, 3792, 3793, 3795, 3796, 3802, 3804\*

\* Postcode 3175 is shared with Vic Gas Distribution Pty Ltd ACN 085 899 001.

\* Postcode 3770 is shared with Vic Gas Distribution Pty Ltd ACN 085 899 001.

- \* Postcode 3097 is shared with Vic Gas Distribution Pty Ltd ACN 085 899 001
- \* Postcode 3201 is shared with Vic Gas Distribution Pty Ltd ACN 085 899 001
- Postcode 3804 is shared with Vic Gas Distribution Pty Ltd ACN 085 899 001.

### Yarra Valley Gas Extension

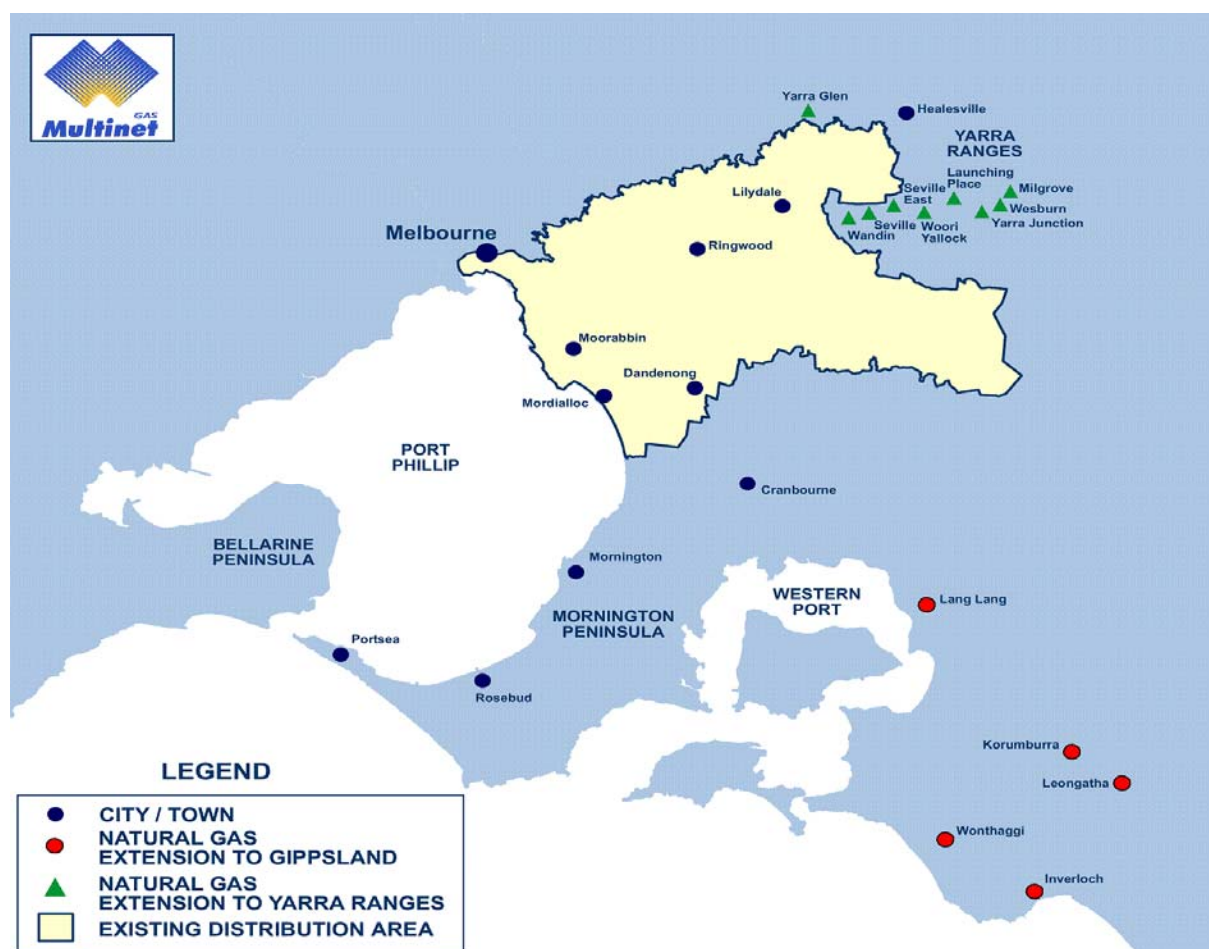
Incorporating additional postcodes: 3139, 3775, 3797, 3799

### South Gippsland Extension

Incorporating additional postcodes: 3984, 3950, 3953, 3995, 3996

## 1.4 Location

A map showing the locations that Multinet distributes gas to connection points is provided below:



Multinet distributes gas to the areas shaded in yellow, the Yarra Valley areas indicated on the map and Gippsland areas indicated on the map.

## 2 Reference and Ancillary Reference Tariffs

### 2.1 Overview of Reference Tariffs

An overview of the reference tariffs is described below.

#### 2.1.1 Haulage Reference Service Tariff V

Tariff V applies to customers using less than 10,000 GJ a year and less than 10 GJ MHQ. Within Tariff V there are two classifications: Residential and Non-Residential. Any new customer eligible for Tariff V is assigned their appropriate residential or non-residential classification by their Retailer.

Tariff V customers are charged a fixed daily charge and a price per GJ which decreases with increased usage (see Appendix 1 for details of all tariffs). There are currently five usage blocks for Residential and Non-Residential Customers as follows:

##### Tariff V Residential

	Consumption Range (GJ/day)
Usage Block 1	0 - 0.05
Usage Block 2	> 0.05 - 0.1
Usage Block 3	> 0.1 - 0.15
Usage Block 4	> 0.15 - 0.25
Usage Block 5	> 0.25

##### Tariff V Non Residential

	Consumption Range (GJ/day)
Usage Block 1	0 - 0.25
Usage Block 2	> 0.25 - 1.0
Usage Block 3	> 1.0 - 1.5
Usage Block 4	> 1.5 - 5.0
Usage Block 5	> 5.0

Both Residential and Non Residential Tariff V customers, have seasonal usage charges (\$/GJ) for the following periods:

- Off Peak Summer Period (November-April inc.)
- May Shoulder period (May)
- Peak Winter period (Jun-September inc.)
- October Shoulder period (October)

#### 2.1.1.1 Residential Haulage Reference Service – Tariff V

The Residential Haulage Reference Service is the Haulage Reference Service for allowing the injection, conveyance and withdrawal of Gas by or in respect of a Residential Customer (being one who uses Gas primarily for domestic purposes). This Service includes the operation and maintenance of Connection assets being Expansions or Extensions

comprising work on the Main, service pipe and metering Installation and scheduled meter reading.

Multinet will subject the costs of the Connection assets for Residential Haulage Reference Services to an Economic Feasibility Test as set out in the Extension and Expansions Policy detailed in section 5.6 of Part A of Multinet's Access Arrangement. Forecasts of these costs have been included in the calculation of the Total Revenue in accordance with section 8.20 of the Access Code. Any Charges relating to the Connection will be in accordance with section 5.6 of the Access Arrangement.

#### ***2.1.1.2 Non-Residential Haulage Reference Service – Tariff V***

The Non-Residential Haulage Reference Service is the Haulage Reference Service for allowing the injection, conveyance and withdrawal of Gas by or in respect of a Non-Residential Customer (being one other than a Residential Customer). Where relevant, a Distribution Supply Point is assigned to a Haulage Reference Tariff – Non-Residential V. This Service includes the operation and maintenance of Connection assets (being Expansions or Extensions comprising work on the Main, service pipe and metering Installation) and scheduled meter reading services.

Multinet will subject the costs of the Connection assets for Non-Residential Tariff V Haulage Reference Services to an Economic Feasibility Test as set out in the Extension and Expansions Policy detailed in section 5.6 of Part A of Multinet's Access Arrangement. Forecasts of these costs have been included in the calculation of the Total Revenue in accordance with section 8.20 of the Access Code. Any Charges relating to the Connection will be in accordance with section 5.6 of the Access Arrangement.

#### ***2.1.2 Haulage Reference Tariff - Non-Residential Tariff D***

Tariff D applies to customers using greater than 10,000 GJ a year or more than 10 GJ MHQ. Customers are charged based on their Maximum Hourly Quantity (MHQ) measured in Giga Joules (GJ) per hour. The MHQ unit rates are stepped as follows:

- 0-50MHQ (GJ/Hr)
- >50MQH (GJ/Hr)

A detailed explanation of how Tariff D MHQ bills are calculated and charged is shown in Appendix D.

Where the relevant Distribution Supply Point is assigned to Haulage Reference Tariff Non-residential Tariff D, this Non-Residential Haulage Reference Service is for allowing the injection, conveyance and withdrawal of Gas at a Tariff D Distribution Supply Point. This Tariff does not include the provision and maintenance of Connection assets forming a Tariff D Distribution Supply Point.

Connection of a Tariff D Distribution Supply Point is to be provided as a non-Reference Service and the costs of these works and related operations and maintenance are not recovered through the Non-Residential Tariff D Reference Tariff. For these services, a fair and reasonable charge is to be levied.

#### ***2.1.3 Haulage Reference Tariff - Non-Residential Tariff L***

Tariff L is open to customers who consume more than 1TJ per annum or less than 10TJ per annum and have an MHQ demand of less than 10 GJ per hour.

The tariff structure of Tariff L is a mixture of the Tariff V and D tariff structures. Tariff L has no fixed charge, however it contains seasonal stepped usage charges and two demand charges. There are currently two usage blocks for Tariff L customers:

**Tariff L**

	Consumption Range (GJ/day)
Usage Block 1	0 - 5
Usage Block 2	> 5

Like Tariff V, Tariff L also contains seasonal usage charges (\$/GJ) for the following periods:

- Off Peak Summer Period (November-April inc.)
- May Shoulder period (May)
- Peak Winter period (Jun-September inc.)
- October Shoulder period (October)

Tariff L also contains two Demand Charges as follows:

- A Rolling 12 month Maximum MHQ charge which is a daily charge based on the highest demand (MHQ) delivered over 12 months to the end of the billing period; and
- A Peak MHQ Demand Charge which is based on the highest demand (MHQ) delivered in any billing period during the hours 6am to 10am weekdays over the four peak months June to September.

A further explanation of Tariff L and its associated business rules can be see in Appendix 5 of this document.

Where the relevant Distribution Supply Point is assigned to Haulage Reference Tariff Non-residential Tariff L, this Non-Residential Haulage Reference Service is for allowing the injection, conveyance and withdrawal of Gas at a Tariff L Distribution Supply Point. This Service does not include the provision and maintenance of Connection assets forming a Tariff L Distribution Supply Point.

Connection of a Tariff L Distribution Supply Point is to be provided as a non-Reference Service and the costs of these works and related operations and maintenance are not recovered through the Non-Residential Tariff L Reference Tariff. For these services, a fair and reasonable charge is to be levied.

## 2.2 Costs recovered by reference tariffs

Reference tariffs have been structured so that they recover the building block costs of Multinet. These building blocks are:

- a. Return on Capital – The return has been set at 6.30% and is calculated by multiplying this rate by the annual average asset value

- b. Return of Capital – Regulatory depreciation of assets
- c. Taxation – based on a benchmarked distribution company
- d. Operating and Maintenance Costs; and
- e. Efficiency carry over.

Each of these costs components are described in the company's Access Arrangement and Access Arrangement Information approved by the Essential Services Commission 19 May 2008. The actual tariffs that recover the costs determined in the 2008 Access Arrangement Review are described in the sections below.

### 2.3 Costs recovered by ancillary tariffs

Ancillary Reference Services are Services used in connection with the transportation and use of Gas. Multinet is offering the Ancillary Reference Services set out in Schedule 1 of Part A under the Third Access Arrangement. They are also described in section 4.2 of this submission.

From 1 January 2008, Multinet provides special meter reading services as an Ancillary Reference Service.

The costs of providing Ancillary services are similar in nature to those provide for reference tariffs, however relate directly to the provision of ancillary services.

### 2.4 Principles used to set tariffs

Multinet's Reference Tariff Policy in Part B of the Access Arrangement sets out its Reference Tariffs, and how those Reference Tariffs are determined for Reference Services in accordance with section 3.5 of the Access Code.

Reference Services will be provided:

- in accordance with the relevant Regulatory Instruments; and
- on reasonable Terms and Conditions as set out in Part C of the Access Arrangement.

Distribution Tariffs should be set so that they accurately reflect the costs associated with the Multinet network and should also reflect the allocation of costs between customer groups.

The development and adjustment of tariffs broadly incorporates the following policy principles:

- **Regulatory compliance.** Distribution tariffs are required to be set within the confines of various regulatory and legislative criteria.
- **Market equity.** Having regard to the continuity of previously applicable price levels. Pricing should apply to all retailers in a neutral manner and not impede the viability of full retail contestability.
- **Cost reflectivity.** Seek appropriate mechanisms for achieving inter-customer group equity in the recovery of distribution revenue requirements. Pricing is to recognise cost-reflectivity, within the constraints imposed by: interpretation of regulatory requirements, customer group averaging assumptions, cost allocation methodologies employed, and historical imperatives. Have due regard to reasonable economic bounds on upper and

lower limits, particularly as pertaining to efficient investment signalling and network usage.

- **Behavioural elasticity.** Seek to utilise rational consumer behavioural elasticity in terms of usage pattern responses to pricing signals.
- **Practicality.** Seek to simplify mechanisms balancing against economic functionality, while having regard to minimising transaction and pricing administration cost.
- **Environmental.** Within the limitations of the scope and context of gas distribution pricing, have regard to opportunities to improve utilisation efficiency, and accommodate emerging energy technologies, particularly in respect of greenhouse gas emission reduction.

Not all principles can be satisfied to their full extent, while fully complying with the Access Arrangement, particularly as some principles have conflicting implications requiring trade-offs to be made. Multinet, however, has sought to achieve as much as possible in satisfying these principles within the given constraints.

### 3 Methodology to Set Reference Tariffs

#### 3.1 Cost allocation to tariffs

##### 3.1.1 Tariff V (Residential and Commercial)

Contains a fixed and variable charge. The fixed charge recovers unavoidable network infrastructure costs such as service connection, standard meters, and systems for billing and collection. The variable peak, shoulder and off peak charges recover all other costs associated with the Distribution use of System.

##### 3.1.2 Tariffs D and L

The MHQ Demand charge for tariffs D and L recovers all capital, operation and maintenance “upstream” costs which are not recovered upfront and/or via the non reference Operations and Maintenance charge and the tariff V charges.

##### 3.1.3 Cost of Supply

Multinet has a Cost of Supply model that allocates the costs of supplying customers for each reference tariff via appropriate methodologies to come up with upper and lower limits by Tariff V Residential, Tariff V Non-residential, Tariff L and Tariff D.

The Upper Costs are the standalone costs to bypass the network. These costs were calculated using the Optimised Replacement System Cost (ORC) of the network multiplied by the current WACC, and adding Depreciation and a consumption weighted share of Operations and Maintenance (O&M). These costs were then apportioned by volume of each customer class to get an average \$/GJ.

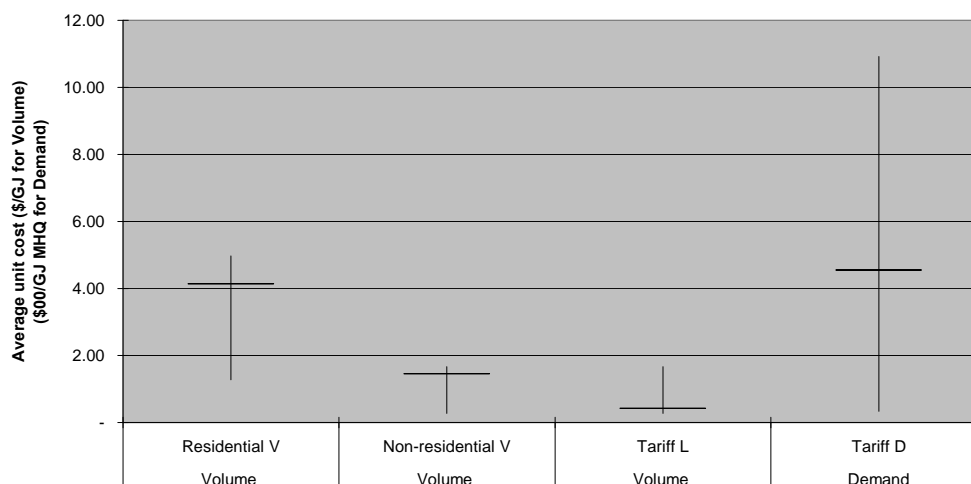
The Lower Cost is the marginal or avoidable cost of supply. The lower costs were calculated using a consumption weighted share of O&M and apportioning by volume for each customer class to get an average \$/GJ.

The average proposed 2010 tariff rates for Tariff V Residential, Tariff V Non-residential, Tariff L and Tariff D have been plotted against the upper and lower limits as per the figure 1 below, and the values behind this graph are in Table 3.1. The table and chart show that all the proposed 2010 tariffs are within the upper and lower cost bounds of providing these services.

**Table 3-1: 2010 Proposed Average Tariffs versus Upper and Lower Cost Limits**

Type	Tariff	Units	2010 Avg DUoS	2010 Upper Bound “Standalone Cost”	2010 Lower Bound “Avoidable Cost”	2010 Avg DUoS
Volume	Residential V	\$/GJ	4.14	4.97	1.28	4.14
Volume	Non-residential V	\$/GJ	1.45	1.66	0.28	1.45
Volume	Tariff L	\$/GJ	0.42	1.66	0.28	0.42
Demand	Tariff D	\$/MHQ	4.55	10.92	0.33	4.55

**Figure 1: 2010 Proposed Average Tariffs versus Upper and Lower Cost Limits**



### 3.2 Cost differences between zones

Multinet has three zones for the purposes of pricing. These being:

- a. Metropolitan;
- b. Yarra Valley; and
- c. South Gippsland.

Both Yarra Valley and South Gippsland are new networks and have been connected with the assistance of capital subsidies received from Regional Development Victoria. Despite receiving subsidies, both of these networks require additional revenue to recover the projected shortfall of revenue to costs. The difference in pricing reflects this.

Both the Yarra Valley and South Gippsland pricing zones are based on Metropolitan tariffs with the additional amount included to reflect the recovery of additional costs (mainly capital). Pricing structures will be reviewed on an annual basis to determine if actual load in these areas differs from the projected load and prices adjusted accordingly.

## 4 Current Reference and Ancillary Tariffs

### 4.1 Reference tariffs

The table below includes all the reference tariffs and tariff components proposed for 2010 compared to 2009. There have been no new tariffs introduced or any structural amendments for 2010.

The average price movement per tariff (\$/GJ) was calculated using the applicable revenue to that calendar year (ie. for 2009 revenue used 2009 price by 2008 quantity, and for 2010 revenue used 2010 price by 2008 quantity) divided by the total 2008 quantity for that tariff (GJ).

**Table 4-1: 2009 versus 2010 Tariffs**

		2009	2010	% Change
<b>Tariff V</b>				
<b>Tariff Component</b>	<b>Residential</b>	<b>\$/GJ</b>	<b>\$/GJ</b>	<b>% Change</b>
	Fixed Charge (\$/day)	0.1588	0.1589	0.06%
	Peak 0 - 0.05 GJ/day	7.0945	7.0969	0.03%
	Peak 0.05 - 0.1 GJ/day	5.0736	5.0760	0.05%
	Peak 0.1 - 0.15 GJ/day	2.6241	2.6244	0.01%
	Peak 0.15 - 0.25 GJ/day	1.3277	1.3283	0.05%
	Peak > 0.25 GJ/day	0.9854	0.9859	0.05%
	May Shoulder 0 - 0.05	6.7397	6.7429	0.05%
	May Shoulder 0.05 - 0.1	4.8200	4.8223	0.05%
	May Shoulder 0.1 - 0.15	2.4929	2.4941	0.05%
	May Shoulder 0.15 - 0.25	1.2613	1.2619	0.05%
	May Shoulder >0.25	0.9485	0.9490	0.05%
	Oct Shoulder 0 - 0.05	6.7397	6.7429	0.05%
	Oct Shoulder 0.05 - 0.1	4.8200	4.8223	0.05%
	Oct Shoulder 0.1 - 0.15	2.4929	2.4941	0.05%
	Oct Shoulder 0.15 - 0.25	1.2613	1.2619	0.05%
	Oct Shoulder >0.25	0.9485	0.9490	0.05%
	Off Peak 0 - 0.05 GJ/day	6.0303	6.0332	0.05%
	Off Peak 0.05 - 0.1 GJ/day	4.3126	4.3147	0.05%
	Off Peak 0.1 - 0.15 GJ/day	2.2305	2.2316	0.05%
	Off Peak 0.15 - 0.25 GJ/day	1.1285	1.1290	0.04%
	Off Peak > 0.25 GJ/day	0.8486	0.8490	0.05%
<b>Average Price Movement Tariff V Residential</b>		<b>4.13</b>	<b>4.14</b>	<b>0.05%</b>

Tariff Component		2009 \$/GJ	2010 \$/GJ	% Change % Change
<b>Business</b>				
	Fixed Charge (\$/day)	0.2678	0.2679	0.04%
	Peak 0 - 0.25 GJ/day	3.3090	3.3106	0.05%
	Peak 0.25 - 1.0 GJ/day	2.0942	2.0952	0.05%
	Peak 1.0 - 1.5 GJ/day	1.2566	1.2572	0.05%
	Peak 1.5 - 5.0 GJ/day	0.6994	0.6997	0.04%
	Peak > 5.0 GJ/day	0.2334	0.2335	0.04%
	May Shoulder 0 - 0.25	3.0367	3.0382	0.05%
	May Shoulder 0.25 - 1	1.8848	1.8857	0.05%
	May Shoulder 1 - 1.5	1.1937	1.1943	0.05%
	May Shoulder 1.5 - 5	0.6814	0.6817	0.04%
	May Shoulder >5	0.2100	0.2101	0.05%
	Oct Shoulder 0 - 0.25	3.0367	3.0382	0.05%
	Oct Shoulder 0.25 - 1	1.8848	1.8857	0.05%
	Oct Shoulder 1 - 1.5	1.1937	1.1943	0.05%
	Oct Shoulder 1.5 - 5	0.6814	0.6817	0.04%
	Oct Shoulder >5	0.2100	0.2101	0.05%
	Off Peak 0 - 0.25 GJ/day	2.7539	2.7552	0.05%
	Off Peak 0.25 - 1.0 GJ/day	1.8200	1.8209	0.05%
	Off Peak 1.0 - 1.5 GJ/day	1.0894	1.0899	0.05%
	Off Peak 1.5 - 5.0 GJ/day	0.6602	0.6605	0.05%
	Off Peak > 5.0 GJ/day	0.1865	0.1866	0.05%
<b>Average Price Movement Tariff V Business</b>		<b>1.45</b>	<b>1.45</b>	<b>0.05%</b>
<b>Tariff D</b>				
<b>Tariff Component</b>	<b>Annual MHQ GJ/hr</b>	<b>\$/MHQ</b>	<b>\$/MHQ</b>	<b>% Change</b>
	1 - 50 MHQ/day	1.4085	1.4092	0.05%
	> 50 MHQ/day	0.2396	0.2398	0.05%
<b>Average Price Movement Tariff D</b>		<b>1.24</b>	<b>1.24</b>	<b>0.05%</b>
<b>Tariff L- Multinet Non-Residential</b>		<b>\$/GJ</b>	<b>\$/GJ</b>	<b>% Change</b>
	Fixed Charge	0.0000	0.0000	0.00%
	Peak < 5	0.5521	0.5524	0.05%
	Peak > 5	0.1184	0.1185	0.08%
	May Shoulder < 5	0.4896	0.4898	0.04%
	May Shoulder > 5	0.1112	0.1113	0.09%
	Oct Shoulder < 5	0.4896	0.4898	0.04%
	Oct Shoulder > 5	0.1112	0.1113	0.09%
	Off Peak < 5	0.3883	0.3885	0.05%
	Off Peak > 5	0.0883	0.0883	0.00%
	Rolling 12 month max [\$/GJ (MHQ/d)]	0.5135	0.5137	0.04%
	Peak Demand [\$/GJ (MHQ/d)]	1.5362	1.5369	0.05%
<b>Average Price Movement Tariff L</b>		<b>0.42</b>	<b>0.42</b>	<b>0.05%</b>

		2009	2010	% Change
Yarra Valley		\$/GJ	\$/GJ	% Change
Tariff Component	Residential			
	Fixed Charge (\$/day)	0.1588	0.1589	0.06%
	Peak 0 - 0.05 GJ/day	10.6097	10.6148	0.05%
	Peak 0.05 - 0.1 GJ/day	8.5888	8.5929	0.05%
	Peak 0.1 - 0.15 GJ/day	6.1393	6.1422	0.05%
	Peak 0.15 - 0.25 GJ/day	4.8429	4.8452	0.05%
	Peak > 0.25 GJ/day	4.5136	4.5158	0.05%
	May Shoulder 0 - 0.25	10.2549	10.2598	0.05%
	May Shoulder 0.25 - 1	8.3352	8.3392	0.05%
	May Shoulder 1 - 1.5	6.0081	6.0110	0.05%
	May Shoulder 1.5 - 5	4.7765	4.7788	0.05%
	May Shoulder >5	4.4637	4.4658	0.05%
	Oct Shoulder 0 - 0.25	10.2549	10.2598	0.05%
	Oct Shoulder 0.25 - 1	8.3352	8.3392	0.05%
	Oct Shoulder 1 - 1.5	6.0081	6.0110	0.05%
	Oct Shoulder 1.5 - 5	4.7765	4.7788	0.05%
	Oct Shoulder >5	4.4637	4.4658	0.05%
	Off Peak 0 - 0.05 GJ/day	9.5455	9.5501	0.05%
	Off Peak 0.05 - 0.1 GJ/day	7.8278	7.8315	0.05%
	Off Peak 0.1 - 0.15 GJ/day	5.7457	5.7484	0.05%
	Off Peak 0.15 - 0.25 GJ/day	4.6437	4.6459	0.05%
	Off Peak > 0.25 GJ/day	4.3638	4.3659	0.05%
<b>Average Price Movement Yarra Valley Residential</b>		<b>7.86</b>	<b>7.86</b>	<b>0.05%</b>
Tariff Component	Business	\$/GJ	\$/GJ	% Change
	Fixed Charge (\$/day)	0.2678	0.2679	0.04%
	Peak 0 - 0.25 GJ/day	6.8242	6.8275	0.05%
	Peak 0.25 - 1.0 GJ/day	5.6094	5.6121	0.05%
	Peak 1.0 - 1.5 GJ/day	4.7718	4.7741	0.05%
	Peak 1.5 - 5.0 GJ/day	4.2146	4.2166	0.05%
	Peak > 5.0 GJ/day	3.7486	3.7504	0.05%
	May Shoulder 0 - 0.25	6.5519	6.5550	0.05%
	May Shoulder 0.25 - 1	5.4000	5.4026	0.05%
	May Shoulder 1 - 1.5	4.7089	4.7112	0.05%
	May Shoulder 1.5 - 5	4.1966	4.1986	0.05%
	May Shoulder >5	3.7252	3.7270	0.05%
	Oct Shoulder 0 - 0.25	6.5519	6.5550	0.05%
	Oct Shoulder 0.25 - 1	5.4000	5.4026	0.05%
	Oct Shoulder 1 - 1.5	4.7089	4.7112	0.05%
	Oct Shoulder 1.5 - 5	4.1966	4.1986	0.05%
	Oct Shoulder >5	3.7252	3.7270	0.05%
	Off Peak 0 - 0.25 GJ/day	6.2691	6.2721	0.05%
	Off Peak 0.25 - 1.0 GJ/day	5.3352	5.3378	0.05%
	Off Peak 1.0 - 1.5 GJ/day	4.6046	4.6068	0.05%
	Off Peak 1.5 - 5.0 GJ/day	4.1754	4.1774	0.05%
	Off Peak > 5.0 GJ/day	3.7017	3.7035	0.05%
<b>Average Price Movement Yarra Valley Business</b>		<b>5.71</b>	<b>5.71</b>	<b>0.05%</b>

		2008 (Jul-Dec)	2009	% Change
<b>South Gippsland</b>		<b>\$/GJ</b>	<b>\$/GJ</b>	<b>% Change</b>
<b>Tariff Component</b>	<b>Residential</b>			
	Fixed Charge (\$/day)	0.1588	0.1589	0.06%
	Peak 0 - 0.05 GJ/day	10.8734	10.8786	0.05%
	Peak 0.05 - 0.1 GJ/day	8.8525	8.8567	0.05%
	Peak 0.1 - 0.15 GJ/day	6.4030	6.4061	0.05%
	Peak 0.15 - 0.25 GJ/day	5.1066	5.1090	0.05%
	Peak > 0.25 GJ/day	4.7773	4.7796	0.05%
	May Shoulder 0 - 0.25	10.5186	10.5236	0.05%
	May Shoulder 0.25 - 1	8.5989	8.6030	0.05%
	May Shoulder 1 - 1.5	6.2718	6.2748	0.05%
	May Shoulder 1.5 - 5	5.0402	5.0426	0.05%
	May Shoulder >5	4.7274	4.7297	0.05%
	Oct Shoulder 0 - 0.25	10.5186	10.5236	0.05%
	Oct Shoulder 0.25 - 1	8.5989	8.6030	0.05%
	Oct Shoulder 1 - 1.5	6.2718	6.2748	0.05%
	Oct Shoulder 1.5 - 5	5.0402	5.0426	0.05%
	Oct Shoulder >5	4.7274	4.7297	0.05%
	Off Peak 0 - 0.05 GJ/day	9.8092	9.8139	0.05%
	Off Peak 0.05 - 0.1 GJ/day	8.0915	8.0954	0.05%
	Off Peak 0.1 - 0.15 GJ/day	6.0094	6.0123	0.05%
	Off Peak 0.15 - 0.25 GJ/day	4.9074	4.9097	0.05%
	Off Peak > 0.25 GJ/day	4.6275	4.6297	0.05%
<b>Average Price Movement South Gippsland Residential</b>		<b>8.07</b>	<b>8.07</b>	<b>0.05%</b>
<b>Tariff Component</b>	<b>Business</b>	<b>\$/GJ</b>	<b>\$/GJ</b>	<b>% Change</b>
	Fixed Charge (\$/day)	0.2678	0.2679	0.04%
	Peak 0 - 0.25 GJ/day	7.0879	7.0913	0.05%
	Peak 0.25 - 1.0 GJ/day	5.8731	5.8759	0.05%
	Peak 1.0 - 1.5 GJ/day	5.0355	5.0379	0.05%
	Peak 1.5 - 5.0 GJ/day	4.4783	4.4804	0.05%
	Peak > 5.0 GJ/day	4.0123	4.0142	0.05%
	May Shoulder 0 - 0.25	6.8156	6.8189	0.05%
	May Shoulder 0.25 - 1	5.6637	5.6664	0.05%
	May Shoulder 1 - 1.5	4.9726	4.9750	0.05%
	May Shoulder 1.5 - 5	4.4603	4.4624	0.05%
	May Shoulder >5	3.9889	3.9908	0.05%
	Oct Shoulder 0 - 0.25	6.8156	6.8189	0.05%
	Oct Shoulder 0.25 - 1	5.6637	5.6664	0.05%
	Oct Shoulder 1 - 1.5	4.9726	4.9750	0.05%
	Oct Shoulder 1.5 - 5	4.4603	4.4624	0.05%
	Oct Shoulder >5	3.9889	3.9908	0.05%
	Off Peak 0 - 0.25 GJ/day	6.5328	6.5359	0.05%
	Off Peak 0.25 - 1.0 GJ/day	5.5989	5.6016	0.05%
	Off Peak 1.0 - 1.5 GJ/day	4.8683	4.8706	0.05%
	Off Peak 1.5 - 5.0 GJ/day	4.4391	4.4412	0.05%
	Off Peak > 5.0 GJ/day	3.9654	3.9673	0.05%
<b>Average Price Movement South Gippsland Business</b>		<b>5.15</b>	<b>5.16</b>	<b>0.05%</b>
<b>South Gipps D</b>				
<b>Tariff Component</b>	<b>Annual MHQ GJ/hr</b>	<b>\$/MHQ</b>	<b>\$/MHQ</b>	<b>% Change</b>
	1 - 50 MHQ/day	1.7608	1.7616	0.05%
	> 50 MHQ/day	0.2996	0.2997	0.05%
<b>Average Price Movement South Gippsland Tariff D</b>		<b>1.76</b>	<b>1.76</b>	<b>0.05%</b>

## 4.2 Ancillary Reference Tariffs

Ancillary Reference Tariffs apply to the provision of Ancillary Services. Ancillary Services are those services that are provided in accordance with Schedule 1 of Part A of Multinet's Access Arrangement. These services are detailed below:

Meter and Gas Installation Test – on-site testing to check the accuracy of a Meter and the compliance of a Gas Installation with relevant standards, in order to determine whether the meter is accurately measuring the Quantity of Gas delivered.

Disconnection by the carrying out of work being:

- removal of the meter at a Metering Installation, or
- the use of locks or plugs at a Metering Installation in order to prevent the withdrawal of Gas at the Distribution Supply Point in response to:
  - the direction in writing of a User
  - a request from a customer the customer obtaining or having obtained Supply at a Distribution Supply Point otherwise than in accordance with the Distribution System Code or any regulatory requirement.

Turn on and Reconnection being:

- reinstallation of a meter if it has been removed; or
- the removal of any locks or plugs used to isolate Supply,

and the performance of a safety check and the lighting of appliances where necessary.

Special Meter Reading being – meter readings in addition to scheduled meter readings that form part of the Haulage Reference Services.

The Ancillary Reference Services will be provided on Business Days between the hours of 8.00am and 4.00pm.

The table of the proposed 2010 prices compared to the 2009 prices is provided next:

**Table 4-2: 2009 versus 2010 Ancillary Reference Charges**

MULTINET GAS				
ANCILLARY REFERENCE CHARGES AND OTHER CHARGES				
Ancillary Reference Services (Regulated and Approved Charges in Access Arrangements)				
Reference	Service Description	2009 (\$)	2010 (\$)	% Change
METON	Meter Turn On / or Reconnect	88.95	90.07	1.26%
METREM	Meter Removal - Various	127.41	129.01	1.26%
METINV	Meter Investigation – High Account Investigation	128.74	130.36	1.26%
METPLG	Meter Disconnection – Use of locks & plugs	63.69	64.49	1.26%
SPRDB	Special Meter Read	7.47	7.56	1.20%
GMETON	Gippsland Meter Turn On / or Reconnect	118.59	120.08	1.26%
GMTREM	Gippsland Meter Removal - Various	170.18	172.32	1.26%
GMTINV	Gippsland Meter Investigation – High Account Investigation	171.51	173.67	1.26%
GMTPLG	Gippsland Meter Disconnection – Use of locks & plugs	79.73	80.73	1.25%
GSPMR	Gippsland Special Meter Read	9.99	10.11	1.20%

### 4.3 Price control regime

The regulated price control formula allowed Multinet an average increase in distribution tariffs in 2010 of 0.05% over the 2009 tariffs. The major components of this change are shown below:

CPI = 1.26% (Consumer Price Index)

X = 0% (underlying price path for distribution tariffs over the regulatory period)

L = 0.52% (relates to licence fees paid by Multinet in previous year)

O = 0.69% (Unrecovered Order in Council (OIC) adjustment factor for recovery of outstanding FRC costs for period to 31 December 2007.

$$\text{Allowable price change} = (1+\text{CPI}) * (1-X) * (1+L) / (1+O)$$

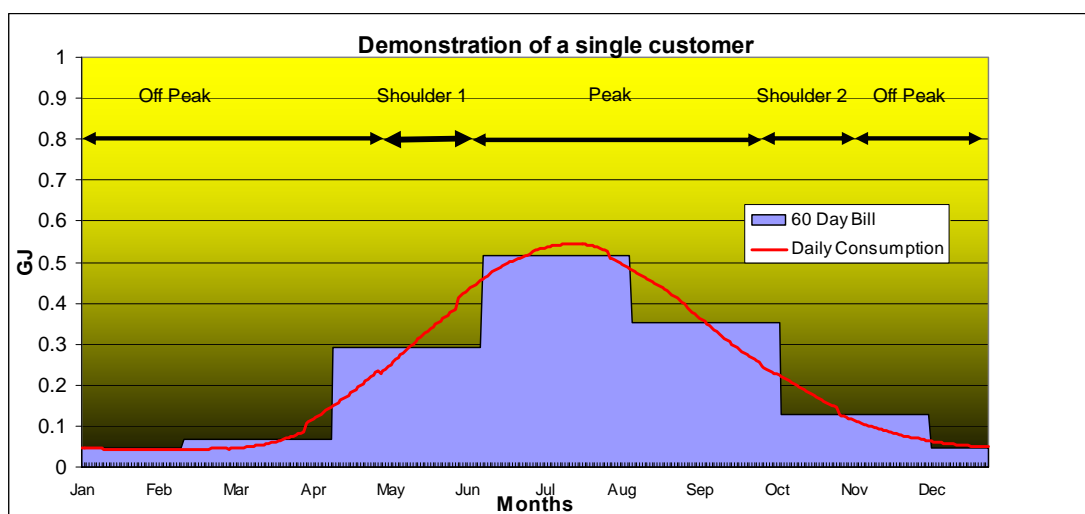
Within the average tariff increase of 0.05%, the price control formulae allow individual tariffs to increase up to 2.58% under the rebalancing constraints. This allows Multinet some flexibility as to where the average 0.05% increase is allocated.

Ancillary Reference and other charges have increased by CPI (1.26%) from 2009 to 2010.

### 4.4 Future tariffs

Since July 2004, Multinet has introduced one new Tariff (i.e. Tariff L) and has restructured the Tariff V components to reflect the underlying cost drivers and system demand profiles. These changes are reflected in the introduction of five consumption band steps and two new Shoulder periods (See graph below).

The seasonal periods for Tariff V were altered to match the underlying cost structures and peaks in consumption. The actual peak period (June-September) did not adequately represent the complete peak period as additional peak behaviour was observed during the shoulder months of May and October. To address this imbalance, Multinet introduced two new Shoulder periods either side of the peak period defining them as Shoulder 1 (May only) and Shoulder 2 (October only). Further rationale can be found in previous Tariff reports.



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Multinet believes that the current Tariff V structure will remain over the 2008-2012 Access arrangement period. However, Multinet will continually rebalance its tariffs in regard to changes to the demand profile of its network and will seek appropriate mechanisms for achieving inter-customer group equity in the allocation of distribution cost-recovery requirements.

Multinet will keep a watching brief on new gas technology such as gas air conditioning and co generation with an intent to introduce new tariffs that will maintain Multinet's operating revenue whilst encouraging customers to change their consumption to improve overall asset utilisation and system load factor.

The current Access Arrangement provides for Ancillary Reference Services to change by CPI every year.

## **5 New Tariffs**

### **5.1 New Tariffs / Tariff Structures**

No new tariffs were introduced in 2010.

### **5.2 Derivation of new tariffs / new tariff structure**

Not applicable

## 6 Previous year tariffs

All previous year tariffs are included in section 4.

## 7 Impact of Tariff Variations

### 7.1 Change in customer charges

The table below provides indicative information for an “average” Multinet customer and the effect it will have on the distribution component of a typical bill.

**Table 7-1: Residential Customer – Tariff V**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	1.0	\$ 0.16	\$ 0.16	0.06%
Peak (\$/GJ)	35.6	\$ 2.77	\$ 2.77	0.04%
May Shoulder (\$/GJ)	7.2	\$ 3.01	\$ 3.01	0.05%
October Shoulder (\$/GJ)	4.4	\$ 3.87	\$ 3.87	0.05%
Off Peak (\$/GJ)	16.2	\$ 4.13	\$ 4.13	0.05%
<b>Total (\$/GJ)</b>	<b>63.4</b>	<b>\$ 4.13</b>	<b>\$ 4.14</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10

**Table 7-2: Business Customer – Tariff V**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	1.0	\$0.27	\$0.27	0.04%
Peak (\$/GJ)	197.7	\$4.91	\$4.91	0.05%
May Shoulder (\$/GJ)	45.9	\$4.85	\$4.85	0.05%
October Shoulder (\$/GJ)	31.8	\$4.99	\$4.99	0.05%
Off Peak (\$/GJ)	131.8	\$4.93	\$4.93	0.05%
<b>Total (\$/GJ)</b>	<b>407.1</b>	<b>\$5.15</b>	<b>\$5.16</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10

**Table 7-3: Tariff L Customer**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	n/a	\$0.00	\$0.00	0.00%
Peak (\$/GJ)	2592.6	\$0.21	\$0.21	0.07%
Shoulder (\$/GJ)	1641.2	\$0.17	\$0.17	0.07%
Off Peak (\$/GJ)	2053.8	\$0.18	\$0.18	0.03%
Rolling Demand (\$/GJ MQH/day)	4.3	\$0.51	\$0.51	0.04%
Peak Demand (\$/GJ MHQ/day)	3.4	\$0.51	\$0.51	0.05%
<b>Total (\$/GJ)</b>	<b>6287.6</b>	<b>\$0.42</b>	<b>\$0.42</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10

**Table 7-4: Tariff D Customer**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Demand 0 - 50 (\$/GJ MHQ/day)	11.6	\$1.41	\$1.41	0.05%
Demand > 50 MHQ (\$/GJ MHQ/day)	1.9	\$0.24	\$0.24	0.05%
<b>Demand Total (\$/GJ MHQ/day)</b>	<b>13.5</b>	<b>\$1.24</b>	<b>\$1.24</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10

**Table 7-5: Yarra Valley Residential Customer – Tariff V**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	1.0	\$0.16	\$0.16	0.06%
Peak (\$/GJ)	31.0	\$6.43	\$6.43	0.05%
May Shoulder (\$/GJ)	6.0	\$6.66	\$6.66	0.05%
October Shoulder (\$/GJ)	4.2	\$7.39	\$7.39	0.05%
Off Peak (\$/GJ)	12.9	\$7.51	\$7.51	0.05%
<b>Total (\$/GJ)</b>	<b>54.1</b>	<b>\$7.86</b>	<b>\$7.86</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10

**Table 7-6: Yarra Valley Business Customer – Tariff V**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	1.0	\$0.27	\$0.27	0.04%
Peak (\$/GJ)	105.1	\$5.31	\$5.31	0.05%
May Shoulder (\$/GJ)	23.1	\$5.18	\$5.18	0.05%
October Shoulder (\$/GJ)	20.8	\$5.28	\$5.29	0.05%
Off Peak (\$/GJ)	84.4	\$5.29	\$5.29	0.05%
<b>Total (\$/GJ)</b>	<b>233.5</b>	<b>\$5.71</b>	<b>\$5.71</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10

**Table 7-7: South Gippsland Residential Customer – Tariff V**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	1.0	\$0.16	\$0.16	0.06%
Peak (\$/GJ)	32.2	\$6.62	\$6.62	0.05%
May Shoulder (\$/GJ)	6.7	\$6.81	\$6.81	0.05%
October Shoulder (\$/GJ)	4.0	\$7.83	\$7.83	0.05%
Off Peak (\$/GJ)	12.9	\$7.93	\$7.93	0.05%
<b>Total (\$/GJ)</b>	<b>55.7</b>	<b>\$8.07</b>	<b>\$8.07</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10. Average usage is based on a forecast rather than actual consumption

**Table 7-8: South Gippsland Business Customer – Tariff V**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Fixed (\$/Cust/day)	1.0	\$0.27	\$0.27	0.04%
Peak (\$/GJ)	197.7	\$4.91	\$4.91	0.05%
May Shoulder (\$/GJ)	45.9	\$4.85	\$4.85	0.05%
October Shoulder (\$/GJ)	31.8	\$4.99	\$4.99	0.05%
Off Peak (\$/GJ)	131.8	\$4.93	\$4.93	0.05%
<b>Total (\$/GJ)</b>	<b>407.1</b>	<b>\$5.15</b>	<b>\$5.16</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10. Average usage is based on a forecast rather than actual consumption

**Table 7-9: South Gippsland Tariff D Customer**

Component	Existing Average		Proposed Average	% Price Change
	Usage	Price	2010 Price	
Demand 0 - 50 (\$/GJ MHQ/day)	10.0	\$1.76	\$1.76	0.05%
Demand > 50 MHQ (\$/GJ MHQ/day)	0.0	\$0.30	\$0.30	0.05%
<b>Demand Total (\$/GJ MHQ/day)</b>	<b>10.0</b>	<b>\$1.76</b>	<b>\$1.76</b>	<b>0.05%</b>

Note: Total effect on average revenue is contained in table 7.10. Average usage is based on a forecast rather than actual consumption

## 7.2 Change in average customer charge by tariff

The table below provides indicative information for an “average” Multinet customer and the effect it will have on the distribution tariff by \$/customer.

**Table 7-10: Change in Average Customer**

Component	Existing 2009 \$/Cust/annum	Proposed 2010 \$/Cust/annum	% Change
Tariff V Residential	\$262	\$262	0.05%
Tariff V Business	\$512	\$512	0.05%
Tariff L	\$2,641	\$2,643	0.05%
Tariff D	\$6,118	\$6,120	0.05%
Yarra Valley Residential	\$425	\$425	0.05%
Yarra Valley Business	\$1,332	\$1,333	0.05%
South Gippsland Residential	\$450	\$450	0.05%
South Gippsland Business	\$2,097	\$2,098	0.05%
South Gippsland Tariff D	\$6,427	\$6,430	0.05%

## Appendix 1 – Multinet Metropolitan Area

### SCHEDULE OF GAS DISTRIBUTION TARIFFS - MULTINET - exclusive of GST

Date of Application - 1 January 2010

#### **Tariff V**

##### **Multinet - Residential**

Distribution Fixed Tariff Component \$0.1589 per day (exclusive of GST)

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
0 - 0.05	7.0969	6.0332	6.7429	6.7429
> 0.05 - 0.1	5.0760	4.3147	4.8223	4.8223
> 0.1 - 0.15	2.6244	2.2316	2.4941	2.4941
> 0.15 - 0.25	1.3283	1.1290	1.2619	1.2619
> 0.25	0.9859	0.8490	0.9490	0.9490

##### **Multinet - Non Residential**

Distribution Fixed Tariff Component \$0.2679 per day (exclusive of GST)

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
0 - 0.25	3.3106	2.7552	3.0382	3.0382
> 0.25 - 1	2.0952	1.8209	1.8857	1.8857
> 1 - 1.5	1.2572	1.0899	1.1943	1.1943
> 1.5 - 5	0.6997	0.6605	0.6817	0.6817
> 5	0.2335	0.1866	0.2101	0.2101

### Tariff L

#### Multinet - Non Residential

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
< 5	0.5524	0.3885	0.4898	0.4898
> 5	0.1185	0.0883	0.1113	0.1113

Rolling 12 month Maximum MHQ Distribution Demand tariff component (\$/MHQ per day) (exclusive of GST)	Peak MHQ Distribution Demand tariff component (\$/MHQ per day) (exclusive of GST)
0.5137	1.5369

### Tariff D

Annual MHQ (GJ/hr)	Distribution Demand tariff component (\$/MHQ) (exclusive of GST)
0 - 50	515.7675
> 50	87.7533

#### Period Definitions

Peak	June - September
Off Peak	November - April
Shoulder	May
Shoulder	October

## Appendix 2 - Yarra Valley Tariffs

### SCHEDULE OF GAS DISTRIBUTION TARIFFS - MULTINET YARRA VALLEY (exclusive of GST)

Date of Application - 1 January 2010

#### **Tariff V**

##### **Multinet - Residential**

Distribution Fixed Tariff Component \$0.1589 per day (exclusive of GST)

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
0 - 0.05	10.6148	9.5501	10.2598	10.2598
> 0.05 - 0.1	8.5929	7.8315	8.3392	8.3392
> 0.1 - 0.15	6.1422	5.7484	6.0110	6.0110
> 0.15 - 0.25	4.8452	4.6459	4.7788	4.7788
> 0.25	4.5158	4.3659	4.4658	4.4658

##### **Multinet - Non Residential**

Distribution Fixed Tariff Component \$0.2679 per day (exclusive of GST)

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
0 - 0.25	6.8275	6.2721	6.5550	6.5550
> 0.25 - 1	5.6121	5.3378	5.4026	5.4026
> 1 - 1.5	4.7741	4.6068	4.7112	4.7112
> 1.5 - 5	4.2166	4.1774	4.1986	4.1986
> 5	3.7504	3.7035	3.7270	3.7270

#### **Period Definitions**

Peak	June - September
Off Peak	November - April
Shoulder	May
Shoulder	October

## Appendix 3 – South Gippsland

### SCHEDULE OF GAS DISTRIBUTION TARIFFS - MULTINET SOUTH GIPPSLAND (exclusive of GST)

Date of Application - 1 January 2010

#### **Tariff V**

##### **Multinet - Residential**

Distribution Fixed Tariff Component \$0.1589 per day (exclusive of GST)

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
0 - 0.05	10.8786	9.8139	10.5236	10.5236
> 0.05 - 0.1	8.8567	8.0954	8.6030	8.6030
> 0.1 - 0.15	6.4061	6.0123	6.2748	6.2748
> 0.15 - 0.25	5.1090	4.9097	5.0426	5.0426
> 0.25	4.7796	4.6297	4.7297	4.7297

##### **Multinet - Non Residential**

Distribution Fixed Tariff Component \$0.2679 per day (exclusive of GST)

Consumption Range (GJ/day)	Distribution Volume tariff component - peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - off peak period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - May Shoulder period (\$/GJ) (exclusive of GST)	Distribution Volume tariff component - Oct Shoulder period (\$/GJ) (exclusive of GST)
0 - 0.25	7.0913	6.5359	6.8189	6.8189
> 0.25 - 1	5.8759	5.6016	5.6664	5.6664
> 1 - 1.5	5.0379	4.8706	4.9750	4.9750
> 1.5 - 5	4.4804	4.4412	4.4624	4.4624
> 5	4.0142	3.9673	3.9908	3.9908

### **Tariff D**

Annual MHQ (GJ/hr)	Distribution Demand tariff component (\$/MHQ) (exclusive of GST)
0 - 50	644.7549
> 50	109.6929

### **Period Definitions**

Peak	June - September
Off Peak	November - April
Shoulder	May
Shoulder	October

## Appendix 4 – Tariff D MHQ Billing Calculation

Distribution Demand Charge = (Estimated Annual Charge – Charges to Date) / Remaining Bill Periods.

where: Estimated Annual Charge is:

### For billing periods between January and September:

If Actual Annual MHQ > Forecast Annual MHQ then:

$$\text{Estimate Annual Charge} = \text{Actual Annual MHQ} * \text{Rate}$$

Or:

$$\text{Estimate Annual Charge} = \text{Forecast Annual MHQ} * \text{Rate}$$

### For billing periods between October and December:

If the Maximum Annual MHQ for the last 9 months is less than the Forecast Annual MHQ then:

$$\text{Forecast Annual MHQ} = \text{Maximum Annual MHQ} * \text{Rate}$$

Or:

$$\text{Estimated Annual Charge} = \text{Forecast Annual MHQ} * \text{Rate}$$

### Note:

A minimum MHQ of 1.15GJ applies to the Estimated Annual Charge. If the MHQ (either the Actual Annual MHQ or the Forecast Annual MHQ) used for the Estimated Annual Charge is less than 1.15MJ then 1.15MJ will be used to calculate the charge.

Charges to Date is the sum of the Distribution Demand Charges that have been charged in the current year.

Remaining Billing Periods is set using the table below:

Billing Period	Remaining Billing Period
January	12
February	11
March	10
April	9
May	8
June	7
July	6

August	5
September	4
October	3
November	2
December	1

**Note:**

The unit rates used for Tariff D are stepped and are as follows:

0 – 50MHQ (GJ/Hr) @ \$515.5210

> 50MHQ (GJ/Hr) @ \$ 87.7114

If there is a change in the retailer for a service point, then the Distribution charges for the entire month are charged to the new retailer.

**Examples**

MHQ = Maximum Hourly Quantity (Measured in Giga Joules (GJ))

Generally, each bill is: (Yearly Amount for Estimate MHQ – Current YTD) / Number of months left in year.

**Example 1**

Say the Estimated MHQ was 1200 which equated to \$1200 a year and the Estimate proved correct an the MHQ for the year was in fact 1200

Month	Actual MHQ	Estimated MHQ	Bill Calc	Bill	YTD
1	1000	1200	$(1200 - 0) / 12$	\$100	\$100
2	900	1200	$(1200 - 100) / 11$	\$100	\$200
3	600	1200	$(1200 - 200) / 10$	\$100	\$300
4	500	1200	$(1200 - 300) / 9$	\$100	\$400
5	700	1200	$(1200 - 400) / 8$	\$100	\$500
6	900	1200	$(1200 - 500) / 7$	\$100	\$600
7	800	1200	$(1200 - 600) / 6$	\$100	\$700
8	1200	1200	$(1200 - 700) / 5$	\$100	\$800
9	1000	1200	$(1200 - 800) / 4$	\$100	\$900
10	600	1200	$(1200 - 900) / 3$	\$100	\$1000
11	800	1200	$(1200 - 1000) / 2$	\$100	\$1100

12	900	1200	$(1200 - 1100) / 1$	\$100	\$1200
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### Example 2

Say the Estimated MHQ was 1200 which equated to \$1200 a year and the Estimate was high and the highest MHQ was in fact 1000 in January.

Every September the Estimate is revised to 1000

Month	Actual MHQ	Estimated MHQ	Bill Calc	Bill	YTD
1	1000	1200	$(1200 - 0) / 12$	\$100	\$100
2	900	1200	$(1200 - 100) / 11$	\$100	\$200
3	600	1200	$(1200 - 200) / 10$	\$100	\$300
4	500	1200	$(1200 - 300) / 9$	\$100	\$400
5	700	1200	$(1200 - 400) / 8$	\$100	\$500
6	900	1200	$(1200 - 500) / 7$	\$100	\$600
7	800	1200	$(1200 - 600) / 6$	\$100	\$700
8	900	1200	$(1200 - 700) / 5$	\$100	\$800
9	1000	1000	$(1000 - 800) / 4$	\$50	\$850
10	600	1000	$(1000 - 850) / 3$	\$50	\$900
11	800	1000	$(1000 - 900) / 2$	\$50	\$950
12	900	1000	$(1000 - 950) / 1$	\$50	\$1000

### Example 3

Say the Estimated MHQ was 1200 which equated to \$1200 a year and the Estimate was Low and the highest MHQ was in fact 1400 in April.

The April high would increase the estimate up straight away.

Month	Actual MHQ	Estimated MHQ	Bill Calc	Bill	YTD
1	1000	1200	$(1200 - 0) / 12$	\$100	\$100
2	900	1200	$(1200 - 100) / 11$	\$100	\$200
3	600	1200	$(1200 - 200) / 10$	\$100	\$300
4	1400	1400	$(1400 - 300) / 9$	\$122.22	\$422.22
5	700	1400	$(1400 - 422.22) / 8$	\$122.22	\$544.44
6	900	1400	$(1400 - 544.44) / 7$	\$122.22	\$666.66
7	800	1400	$(1400 - 666.66) / 6$	\$122.22	\$788.88
8	900	1400	$(1400 - 788.88) / 5$	\$122.22	\$911.10
9	1000	1400	$(1400 - 911.10) / 4$	\$122.22	\$1033.32
10	600	1400	$(1400 - 1033.32) / 3$	\$122.22	\$1155.54
11	800	1400	$(1400 - 1155.54) / 2$	\$122.22	\$1277.76
12	900	1400	$(1400 - 1399.98) / 1$	\$122.22	\$1399.98

## Appendix 5 – Tariff L: Description and Business Rules

### Description and Requirements

The L tariff is open to customers:

- consuming more than 1TJ per annum;
- consuming less than 10TJ per annum; and
- have an MHQ demand of less than 10 GJ per hour.

In association with introduction of the L tariff, Multinet Gas has withdrawn the Non-residential V tariff to new customers who have at any time consumed more than 5TJ per consecutive 6 month period.

L tariff customers must:

- pay for an appropriate meter which is capable of recording MHQ
- pay a charge for providing connection assets and mains extensions that have been previously undertaken for that distribution supply point; and
- continue to be assigned to Tariff L for a period of up to 1 year.

### Tariff Structure

#### Rolling 12 Month Maximum MHQ Charge:

- The 12 Month Rolling Maximum Demand Charge is a daily charge based on the highest demand (MHQ) delivered over 12 months to the end of the billing period.
- There is no minimum chargeable demand and no tariff step based on MHQ.
- In exceptional circumstances, customers can apply for their Rolling 12 month Maximum MHQ to be decreased

If a particular customer has changed their gas usage over a shorter term than the 12 months covered by the Rolling 12 month Maximum MHQ (e.g. 3 - 6 months), then they are eligible (on their request) to accelerate their reduction in demand before the 12 month period is up.

If a customer wants to reduce their chargeable demand, they must complete a "Demand Reset Form." This should be faxed to 03 9256 5590.

The form allows for input of the reason for the demand reset being requested. If the reset is being requested because of an unusual event that has caused a peak during one month that is outside the normal operating thresholds for the business, this event will be investigated. If it is substantiated then a reset may be approved.

Where a customer ceases to take supply or changes retailer the maximum demand will be calculated with respect to the 12 months prior to the end of the billing period in question.

## **Peak MHQ Distribution Demand Charge Business Rules: – The Peak MHQ**

Distribution Demand Charge is a daily charge based on the highest demand (MHQ) delivered in any billing period during the hours 6 am to 10 am on weekdays over the 4 Peak months.

- The four Peak Months are June through to end of September
- There is no minimum chargeable demand and no tariff step based on MHQ
- Where a customer ceases to take supply or changes retailer the maximum demand will be calculated with respect to the billing period in question.

For ease of explanation, the means of calculating the Peak MHQ Distribution Demand Charge is broken down into:

- Periods when maximum demand may be measured for calculating a Peak MHQ Distribution Demand Charge quantity.
- Calculation of the Peak MHQ Distribution Demand Charge quantity to be applied to the billing calculations.
- Application of the Peak MHQ Distribution Demand Charge quantity to the billing period.

Times that are relevant to identify the Peak MHQ Distribution Demand Charge:

- Peak months, where Peak is defined as 1 June to 30 September.
- Weekdays, excluding public holidays.
- Hours between 6am and 10am local time.

The Peak MHQ Distribution Demand Charge demand quantity to be applied to the billing calculation is:

- The highest MDQ measured in the monitored periods during each billing period
- Application of Peak MHQ Distribution Demand Charge quantity to the billing period:
- The billing period is the period covered by the bill which is generally a period between; scheduled meter reads, or special meter reads.
- The 4 Hour Peak Demand Charge for the billing period is the product of; the 4 Hour Peak Demand Charge quantity multiplied by the 4 Hour Peak Demand Charge unit rate multiplied by the number of peak days in the billing period.