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Mount Waverley Vic 3149
Australia

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Mr Jeff Cefai
Project Manager
Essential Services Commission
L2, 35 Spring St
Melbourne VIC 3000

Dear Jeff

RE: Gas Distribution System Code, Review of Clause 6.2(a), Draft Decision Paper

Multinet appreciates the opportunity to respond to the Commission's Draft Decision paper on the Gas Distribution Systems Code, Clause 6.2(a) regarding the gas interval metering threshold.

Interval Meter Threshold

Multinet notes that the consultation held in 2001 resulted in the current drafting arrangements where a customer consuming greater than 5,000GJ in any 6 month period was required to have an interval meter. Multinet consider the current drafting appropriate and in line with the intent that greater than 10,000 GJpa on a pro rata basis are required to have an interval meter. We consider a reversion to the 10,000GJpa drafting to be a retro grade move and contrary to current DPI/DSE policy to encourage greater empowerment of customers and improved market efficiency. The current drafting is in line with the DPI policy to introduce advanced interval metering for all electricity consumers over the next 5 years. DPI policy has also considered the ability for the advanced metering infrastructure to be capable of gas meter reading which would utilise the pulse output of these interval meters. The current drafting could not be said to be creating significant issues in the market over the last 5-6 years if the current consultation is based on an issue which has only recently surfaced. In order to provide regulatory certainty we suggest that the current drafting remain.

Non reversion

Multinet support the Commission's position on non reversion, that is, that any interval meters already in the Target Group are not reverted back to basic meters. In addition any greater than 10,000GJpa customer whose consumption over the last 12 month period has reduced below the 10,000GJpa threshold will continue to have an interval meter and will not be reverted back to a basic meter. Given these scenarios there will continue to be interval meters for customers in the Target Group, it appears that there will not be a significant gain, nor a black/white threshold point by reverting back to the 10,000GJpa threshold.

Interval Metering as a consequence of a reference tariff requirement

Where a customer receives an interval meter, Multinet considers an appropriate network tariff should also be assigned.

Review of the Threshold

Multinet note the following:

- The current regulatory arrangements have not been reviewed to ensure that they allow/encourage tariff innovation rather than preclude tariff innovation which may utilise higher levels of metering data;
- The DPI policy review was conducted some 5-6 years ago and the market has since moved forward with the introduction of intra-day market forecasting and the expiry of the long term gas contracts; and
- The metering and profiling responsibilities were reviewed several years into FRC and yet there has been no further review of the interval metering threshold, unlike electricity.

Multinet consider that a cost benefit analysis should be conducted indicating a breakeven consumption range that would not just value the integrity of the NSLP but capture the full value chain of transmission, distribution and retail benefits against the cost of the meters/data services given the new wholesale market arrangements.

Should you have any questions regarding the above, please do not hesitate to contact me on ph 8544 9447.

Yours sincerely

Verity Watson

Market Regulation & Government Relations Manager