

ATCO residential gas forecast, letter from Economics Consulting Services (ECS) November 2014

Appendix 4.4

27 November 2014

Response to the ERA's Draft Decision on required
amendments to the Access Arrangement for the Mid-
West and South-West Gas Distribution System



25 November 2014



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Attention: Mathew Greene,

ATCO residential gas forecast

The forecast for residential gas connections we made in June 2014 for the ATCO Gas Mid West and South West networks included an expectation of a range of marketing and business development initiatives that would increase connection levels. AGA provided the numbers of connections expected from these initiatives.

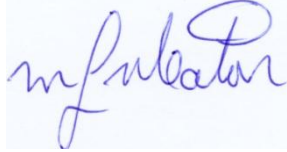
We understand that business development and marketing funds are now more constrained than previously envisaged. This means the financial support to expand gas distribution networks and increase connections has been cut back in line with ATCO Gas Australia response to the ERA draft decision.

The June 2014 forecast had the same underlying business development connection growth assumptions as the May 2013 forecast used in the access arrangement submission. The June 2014 forecast included an estimated 6,974 connections attributable to business development programs/incentives over the period June 2014 to December 2019. It is now estimated that the restricted funding will reduce these connections by an estimated 33% to 4,650.

Total forecast connections over the 5.5 years have thus fallen from 98,865 to 96,541 or a reduction of 2.4%. The revised forecast is included in Table 1. This reflects the decrease in forecast connections attributed to business development and incentives whilst the underlying connection forecast remains consistent with the initial June 2014 forecast.

Please call me at any time on 9200 2247 or 0411 741 840.

Yours truly,



Murray Meaton, Director

Table 1: B3 connections in Mid West and South West systems

Connections	2014 (H2)	2015	2016	2017	2018	2019	Total
June 2014 forecast	9,000	18,750	19,240	19,255	16,420	16,200	98,865
November 2014 forecast	8,875	18,353	18,758	18,815	15,980	15,760	96,541