

AGA Capital Contribution Policy

Appendix 12.1

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



ATCO Gas Australia Capital Contributions Policy

ATCO Gas Australia is committed to the prudent, viable and efficient growth of its gas distribution networks. Maximising the opportunity of developers, homebuilders and end use gas consumers to connect to the company's networks safely, reliably and economically while meeting existing end use gas consumers demand is the overarching objective of this policy.

ATCO Gas Australia Capital Contributions Policy objectives:

- Maximise viable economic expansion
- Maximise the number of user connections in a safe, reliable and efficient manner
- Continue to meet existing user demand
- Prudently minimise hurdles to growth of network connections, throughput and demand
- Ensure regulatory recovery of incurred costs for all types of network expansion

Scope of policy

- ATCO Gas Australia operates under the requirements of its gas distribution licence GDL8
- The Mid West and South West distribution network is regulated and operates under the requirements of the National Gas Rules
- This policy also serves as a guideline for network expansions of the non-regulated Albany and Kalgoorlie distribution networks

Capital Contributions requirements

Provided that ATCO Gas Australia can demonstrate compliance with the requirements of the National Gas Law (as enacted in the *National Gas Access (WA) Act 2009*) and the National Gas Rules and in particular the prudent and efficient expansion of its network, the company WILL NOT require capital works contributions from developers, builders or end users for the following:

- Trunk mains:
Definition of trunk mains – high or medium pressure mains to connect a development not immediately abutting the existing network, or mains required to meet a specific end users demand requirements within the existing network.
- Reticulation mains:
Definition of reticulation mains – medium or low pressure mains required within a street or development for service connections, linking feeder mains to the trunk mains.
- Residential service lines (first twenty metres):
Definition of residential service lines – medium or low pressure pipes to connect a gas meter to reticulation mains.

Unless otherwise specified by prior agreement, statute or regulation, any existing network asset requiring relocation or fortification will require full funding from the party requesting the relocation or fortification

Definition of relocations – the movement of any existing mains or relevant network infrastructure, as requested by a developer, end user, or other third party.

Definition of fortifications – the modification, such as wrapping, slabbing, or any fortification mechanism, of any existing mains or relevant network infrastructure, as requested by a developer, end user, or other third party.

Prudent and efficient assessment of projects

Under the National Gas Rules, a number of specific criteria apply to ATCO Gas Australia which influence its ability to fund network expansions and therefore to potentially reduce capital works contributions from developers, builders or end users in specific circumstances.

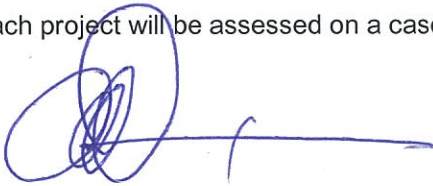
Required information for the assessment of individual projects in compliance with ATCO Gas Australia's regulatory requirements includes:

- The number of forecast connections within the development
- The timing of forecast connections within the development
- Development zoning
- Potential adjacent developments
- Any customer incentives offered by developers to help maximise gas connections

The provision of the following services by developers in respect of individual projects also has the potential to reduce capital works contributions:

- The provision of suitable trenching
- The provision of reinstatement services
- The provision of a suitable shared trench with other utilities

Each project will be assessed on a case by case basis.



Alan Dixon
President
August 2014