



MEDIA RELEASE

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Regulator issues Draft Decision on Australian Gas Networks' South Australian Access Arrangement

The Australian Energy Regulator (AER) has issued its Draft Decision on Australian Gas Networks' (AGN) South Australian Access Arrangement for the five year period commencing on 1 July 2016.

The Draft Decision outlines several key changes to AGN's Access Arrangement Proposal, which was submitted to the AER on 1 July 2015. In particular, the AER has specified:

- a tariff reduction of 23% before inflation on 1 July 2016, up from the 11% reduction proposed by AGN;
- a reduction in the rate of return from 7.23% proposed by AGN to 6.02%;
- a 4% reduction in proposed operating expenditure; and
- a 43% reduction in proposed capital works, which is primarily driven by a significant reduction in the volume of mains replacement to be undertaken from 1 July 2016.

AGN CEO, Mr Ben Wilson said, "The AER's Draft Decision supports gas as a low cost, low carbon energy source for South Australians.

"AGN does have concerns with certain aspects of the AER Draft Decision, including cuts to our proposed mains replacement program," he said.

"We will provide the required additional information to the AER so that the Final Decision better promotes the long term interests of gas customers and the general public."

AGN has until 6 January 2016 to provide its response to the AER.

The Draft Decision has been published on the AER's website, www.aer.com.au.

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Background

Australian Gas Networks, with its head office in Adelaide, owns natural gas distribution networks in South Australia, Victoria, Queensland, New South Wales and the Northern Territory which deliver this environmentally friendly fuel to more than 1.2 million Australian consumers.

The Access Arrangement set out the terms, conditions and tariffs for the provision of access to AGN's South Australian gas distribution network from 1 July 2016 to 30 June 2021.