

# Jemena Gas Networks (NSW) Ltd

## Negotiated Connection Process for Demand Customers

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# 1. INTRODUCTION

The purpose of this document is to:

- inform Connection Applicants of their right to negotiate with Jemena Gas Networks (NSW) Ltd (referred to in this document as ‘**Jemena, us, we, our**’) for a negotiated connection contract; and
- provide guidance to Connection Applicants on the Negotiated Connection Contract Process for Demand Customers,

in accordance with the National Energy Retail Law and the National Gas Rules (**NGR**).

A “**Demand Customer**” is a business customer with very high gas consumption at a single site (more than 10 TJ of natural gas a year) and is generally one of the top 400 industrial gas customers in NSW.

If a customer is not a Demand Customer, they are a Volume Customer (smaller commercial and industrial customers, small businesses and residential customers). If you are seeking connection services for a Volume Customer, please see our Home & Business section on our website for further information.

## 2. BACKGROUND

### 2.1 THE NATIONAL ENERGY CUSTOMER FRAMEWORK

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The National Energy Customer Framework (**NECF**) commenced full operation in NSW on 1 July 2015 and includes requirements for how distributors and Connection Applicants contract for gas connection services.

The NECF includes Part 12A of the NGR, which provides for physical gas connection service arrangements.

Applications for connection services in NSW under Part 12A can be made by:

- a retail customer (that is an owner/occupier who has an existing arrangement for gas supply to the premises),
- an energy retailer acting on behalf of a retail customer;
- another person acting on behalf of a retail customer (e.g. a builder or plumber); or,
- a real estate developer.

Where an application is made by or on behalf of a customer who does not have a retail gas arrangement in place with a retailer Jemena is entitled to require, as a pre-condition to making an offer for connection services, that the customer enters into a retail gas arrangement or becomes a registered “self-contracting user” (including signing the Reference Service Agreement applicable under Jemena’s Access Arrangement). Alternatively, Jemena may elect to treat the application as a preliminary enquiry under section 3.1.

The above are described as “**Connection Applicants**” in this document.

### 2.2 PHYSICAL CONNECTION SERVICES UNDER PART 12A

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There are two types of connection services under Part 12A:

- a) a service relating to a new connection for a premises; and
- b) a service relating to a connection alteration for a premises.

A new connection generally involves the physical connection of premises to our gas distribution network for the supply of natural gas.

A connection alteration may involve:

- a meter or service upgrade to increase the capacity of gas that can be delivered to a premises;
- a meter or service downgrade to decrease the capacity of gas that can be delivered to a premises; or
- relocating the meter to a new location on the premises.

## 3. APPLICATIONS

### 3.1 PRELIMINARY ASSESSMENTS

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Before submitting a formal application, we encourage all prospective Connection Applicants and their consultants/retailers to seek a preliminary assessment from us for a new connection.

A preliminary assessment can assist a prospective Connection Applicant with the following:

- indications on whether gas is currently available at the proposed location of the premises (please note for us to confirm gas availability at a premises, a retailer or registered self-contracting user must submit a formal Request For Service in accordance with our Access Arrangement);
- high level indications on whether it is technically and/or economically feasible for us to perform the proposed gas connection;
- indications of any potential lead times for us to respond to a formal application for the proposed gas connection and/or perform the proposed gas connection; and
- indicative costs and conditions for us to perform any investigations on the proposed gas connection and/or perform the proposed gas connection.

If you would like us to provide a preliminary assessment for a proposed new gas connection or connection alteration, please send an email to [rhs@jemenas.com.au](mailto:rhs@jemenas.com.au) with the following information (as applicable):

- the proposed start date of the new gas connection or connection alteration;
- the current and proposed maximum daily quantity (MDQ) at the proposed site;
- the current and proposed maximum hourly quantity (MHQ) at the proposed site;
- the current and proposed annual quantity (AQ) at the proposed site;
- the proposed location of the site;
- the type of industry or appliances at the proposed site;
- an aerial map which marks out the site boundary and proposed meter location (e.g. a Google map screenshot with the street frontage and nearest cross street); and
- the relevant delivery station metering pressure (being either 1.38, 2.75, 5.0, 35 or 100 kPa).

## 3.2 RETAILER CONNECTION SERVICES APPLICATIONS

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A retailer can apply for a connection service for a Demand Customer by completing and submitting a Request for Service form, which is available on Jemena's online gas portal and from our website.

## 3.3 NON-RETAILER CONNECTION APPLICATIONS

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A non-retailer Connection Applicant can apply for a connection service by either:

- a) completing, signing and submitting an application form for connection services for Large Commercial and Industrial Sites (over 10TJ), which is available on our website, on our online gas portal or by contacting us and requesting a copy of the application form. Unless the Connection Applicant is a self-contracting user, the Demand Customer's retailer must also provide a completed Request for Service before we can process the application.

or

- b) requesting their retailer to apply for the connection service.

## 3.4 JEMENA'S PROCESSES FOLLOWING RECEIPT OF APPLICATION

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Within 10 business days of receiving a completed application (or any additional information we require), we will advise a Connection Applicant:

- a) whether the connection service sought in the application is a basic or negotiated connection service<sup>1</sup>,  
and
- b) if the negotiated connection contract process applies (a description of which is outlined in sections 4 and 5 below).

We may be entitled to charge a fee to recover our expenses directly and reasonably incurred in assessing an application and making a connection offer. If we intend to charge such a fee, we will advise you when providing our initial response to the application.

## 4. RIGHT TO NEGOTIATE

As services for demand customers will always be a negotiated service under part 12A a Connection Applicant has a right to negotiate with us for a negotiated connection contract in accordance with the negotiation process set out in Division 3 of Part 12A of the NGR.

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<sup>1</sup> Services for demand customers will always be negotiated connection services as basic connection services are only available to residential customers

## 5. NEGOTIATION PROCESS

### 5.1 OBLIGATION TO NEGOTIATE IN GOOD FAITH

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During the negotiated connection contract process, Jemena and the Connection Applicant must negotiate in good faith.

### 5.2 PROVISION OF INFORMATION

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As required under the NGR, the Connection Applicant must provide us with any information that we reasonably require in order to negotiate on an informed basis. This might include, for example, what appliances will be installed at the site, estimates of average demand and maximum demand for gas. We will, if practicable, request any information we require within 20 business days after a completed application (including an RFS if applicable) is received.

Similarly, we will as soon as practicable after receiving an application, or where applicable, as soon as practicable after receiving any additional information we require, provide a Connection Applicant (in our connection offer or otherwise) with information that the Connection Applicant reasonably requires in order to negotiate on an informed basis.

### 5.3 CONSULTATION WITH THIRD PARTIES DURING ASSESSMENT

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If we consider it necessary, we may consult with other users of the distribution pipeline who may be affected by the proposed new connection or connection alteration.

### 5.4 ASSESSMENT

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When assessing an application for a negotiated connection contract, we will determine:

- a) the technical requirements for the proposed new connection or connection alteration;
- b) the extent and costs of any necessary augmentation or extension to the distribution pipeline; and
- c) any possible material effect of the proposed connection or connection alteration on the capacity of the distribution pipeline (and any other distribution pipeline that might be affected) to meet existing and future demand.

### 5.5 NEGOTIATED CONNECTION OFFER

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We will use reasonable endeavours to make a negotiated connection offer that complies with a Connection Applicant's reasonable requirements.

We will use our best endeavours to make a negotiated connection offer to a Connection Applicant within 65 business days after receiving a completed application (this time period does not include the time it takes a Connection Applicant to provide information reasonably required by us). Except where the Connection Applicant is a self-contracting user or a retailer, that offer may include preconditions requiring the customer's retailer to enter into arrangements with us reflecting the offer.

A negotiated connection offer will remain open for 20 business days from the date of the offer, or longer period specified by us in the offer. If the offer is not accepted during that time, the offer will lapse, unless otherwise agreed between Jemena and the Connection Applicant.

## 5.6 ACCEPTANCE OF NEGOTIATED CONNECTION OFFER

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If our negotiated connection offer is acceptable to the Connection Applicant, the Connection Applicant may accept and return our offer within the offer validity period. If after receiving the offer the Connection Applicant advises us that there is further information which they reasonably require in order to negotiate on an informed basis, including:

- a) a statement of values of the assumptions made by us in applying the connection charges criteria; and/or
- b) if the Connection Applicant has elected to extend the negotiations to cover supply services—an estimate of any applicable charges for supply services and a statement of the basis of their calculation,

we will provide that information as soon as practicable.

If requested by the Connection Applicant, we will extend the time for acceptance of our offer by the time taken for us to provide such information.

## 5.7 FORMATION AND PERFORMANCE OF CONTRACT

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If a Connection Applicant accepts our negotiated connection offer, the terms and conditions of the offer become the terms and conditions of a negotiated connection contract formed between Jemena and the Connection Applicant.

We will schedule the connection works after:

- a) the Connection Applicant has accepted our offer; and
- b) in the case of a non-retailer Connection Applicant who is not a self-contracting user, the relevant retailer has also accepted our offer for a new connection or connection alteration (as the case may be) and gas transportation services to the Demand Customer's premises under our Access Arrangement, provided our reasonable conditions are satisfied – e.g. safe and unhindered access to the Demand Customer's premises.

## 5.8 CONFIDENTIALITY

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Jemena and the Connection Applicant must maintain the confidentiality of confidential information disclosed by the other party in the course of negotiations unless disclosure of the information is authorised by the party to whom the duty of confidentiality is owed or under law.