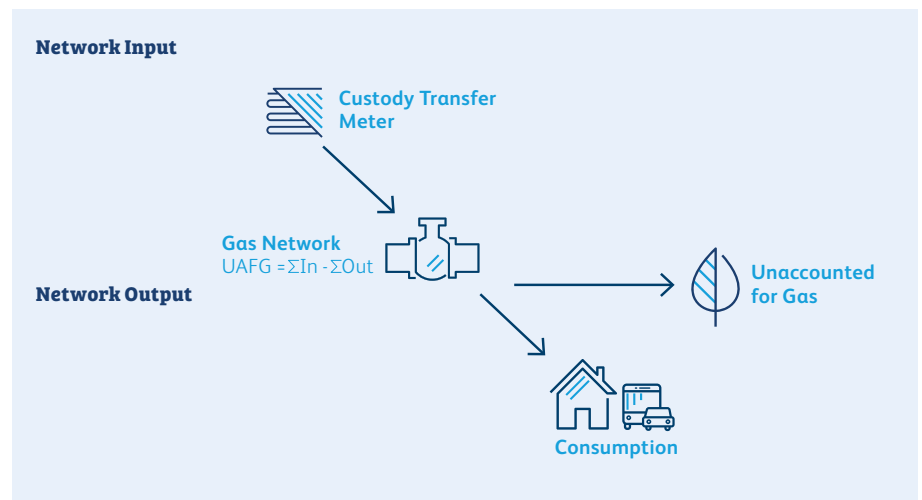


Unaccounted for Gas (UAFG) refers to the difference between the measured quantity of gas entering our gas networks (measured by Custody Transfer Meters, or CTM's) and the measured quantity of gas delivered or billed to our end users (measured by individual customer meters)

Unaccounted for Gas in the AGN Network

Unaccounted for Gas Flow Diagram



UAFG is made up of various components including unbilled consumption, fugitive emissions, own use gas, theft and rounding or timing errors in our billing systems. The calculation is simple but the breakdown of factors contribution to UAFG is complex.

In Victoria, the Essential Services Commission (ESC) manages UAFG through the application of efficient benchmarks, defined as the percentage of gas throughput, broken down by classes of customers, for each network. The benchmarks are network specific to each network taking into account its unique characteristics including age, material, location and end users. Benchmarks are typically reviewed every five years. As part of the review process, we're required to demonstrate the efficient management of UAFG.

Under the benchmark regime, retailers purchase sufficient gas to cover both customer consumption and UAFG. If actual UAFG is greater than the benchmark, the gas distributor is required to purchase the excess gas above the benchmark from the retailer. Where actual UAFG is lower than the benchmark, the retailers make reconciliation payments to the distributor.

This model provides incentives to efficiently minimize UAFG wherever possible, aligning to our obligations under the Gas Distribution Code of Practice to use reasonable endeavors to ensure that the quantity of UAFG is less than the benchmark applied.

The ESC sets two benchmarks for our primary network. The Class A benchmark applies to large industrial customers assumed to be connected to our high-pressure pipelines, whom use very significant volumes of gas¹. Class B benchmarks apply for all other consumers.

¹ Class A customers use more than 250 Terajoules per annum and are typically serviced by the high pressure and transmission networks. Class B customers use less than 250 Terajoules per annum and are typically serviced by high, medium and low-pressure networks.

How do we manage UAFG?

UAFG is monitored by AGN as part of ongoing routine Operations. Monthly review of UAFG trends are undertaken to establish any obvious anomalies. Where anomalies are noted, investigation is undertaken to determine the driver of the anomaly.

Typically, the investigation would initially focus on System Sources before moving onto Measurement Sources and finally Fugitive Emissions Sources.

Useful Links

www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/unaccounted-gas-benchmarks
www.aemo.com.au/energy-systems/gas/declared-wholesale-gas-market-dwgm/transmission-system-operations

Current Benchmarks - Australian Gas Networks (AGN)

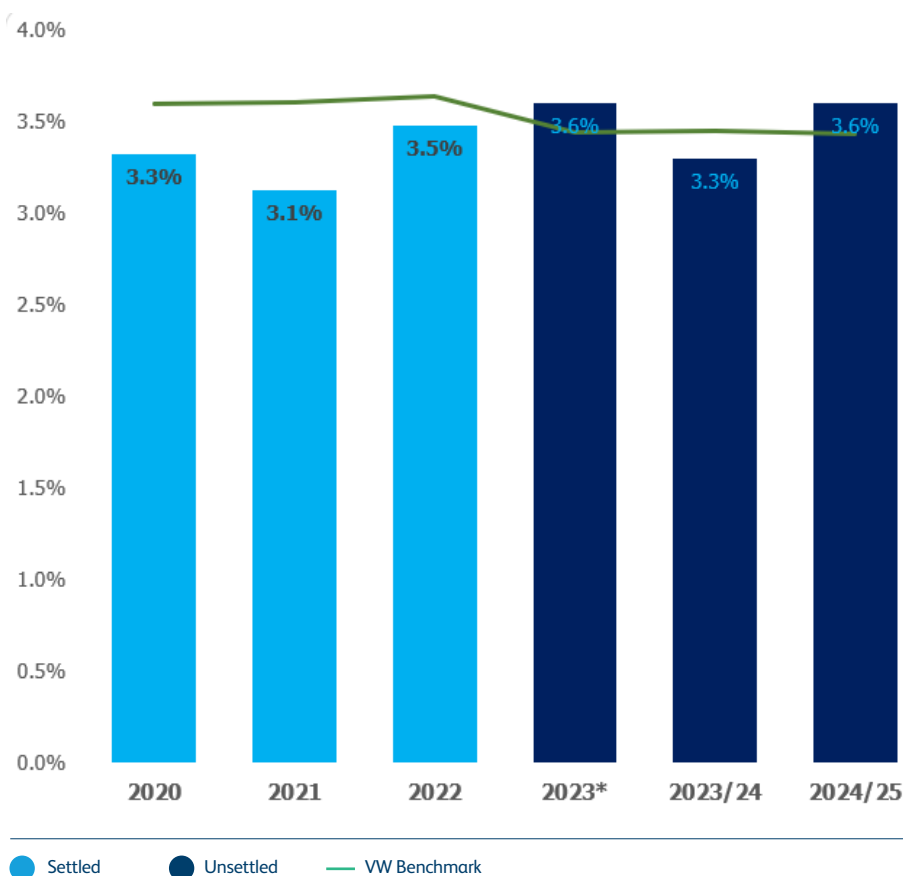
Current benchmarks, applicable from FY2023 to FY2028, are 0.3% for Class A connections, and 4.1% for Class B connections. The Class A benchmark in Albury is 0.1%, whilst the Class B benchmark is 4.1%.

Benchmarks are also specifically applied for our newer networks in Bairnsdale and surrounding townships², which is allocated a flat 2% benchmark for both Class A and Class B connections.

Our Performance for the past 5 Year Period

The following chart provides a view of the UAFG performance against benchmark for AGN for the past 5 years. The financial settlement associated with UAFG between the Distributor and Retailers can take some time due to the number of retailers involved, the volume of data to be reviewed and agreed, and special revisions issued by the Australian Energy Market Operator (AEMO).

Australian Gas Networks DTS UAFG (%)



Australian Gas Networks Non-DTS UAFG (%)

	VW Benchmark	Settled	Unsettled
2020	2.000%		0.069%
2021	2.000%		1.733%
2022	2.000%		1.816%
2023*	2.000%		1.816%
2023/24	2.000%		1.800%
2024/25	2.000%		1.800%

* Jan-Jun 2023 only

² Non-Declared Transmission System – networks not connected to the Declared Transmission System (i.e. Bairnsdale & Surrounds).