

## Advice on establishment of the Gillman Injection Point

### the challenge

Envestra Limited is one of Australia's largest natural gas distribution companies. The company owns about 21,000 kilometres of natural gas distribution networks and 1,000 kilometres of transmission pipelines, serving over one million consumers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

The Adelaide sub-network is fed from two pipelines, the Moomba to Adelaide Pipeline and the SEAGas pipeline. The type of operating system that is used to control injection of gas from a pipeline into the sub-network must be compliant with constraints imposed under the Retail Market Rules for the gas retail market in South Australia; however, the requirements stated in the Retail Market Rules are open to interpretation.

Under certain circumstances the operating pressure in the Adelaide sub-network in the vicinity of the Taperoo injection point drops below acceptable levels. Envestra is therefore considering establishing a new injection point in this area that is able to be operated such that the operating pressure in this area of the sub-network is maintained at acceptable levels at all times.

### what Marchment Hill did

Envestra engaged Marchment Hill to provide advice on the mechanisms available under the Retail Market Rules to allow a new injection point, which satisfies the requirements for maintenance of sub-network pressure, to be established from either pipeline.

Marchment Hill conducted a thorough review of the constraints on the pipeline control systems as stipulated in the Retail Market Rules and, within the context of the physical connections between the two pipelines injecting gas into the Adelaide sub-network and the contractual arrangements involved, provided an interpretation of the options available for establishment of a new connection point.

### the benefit

Envestra received robust, independent advice on a number of technically and commercially viable options which it can use to competitively procure a new injection point that will maintain safe network operating pressures in the vicinity of the Taperoo injection point.

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