

Statement in support of application for merger authorisation

Annexure 'TH-23'

PROPOSED ACQUISITION BY BROOKFIELD LP AND MIDOCEAN ENERGY OF ORIGIN ENERGY LIMITED

Statement of: **Thomas Andrew Hallam**

Address: 31/2 Southbank Boulevard, Southbank VIC 3006

Occupation: General Manager, Regulation & Network Strategy, AusNet Services Limited

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RULE

119S

Distributor's response to application

- (1) If the **connection service** sought by a **connection applicant** is a **basic connection service** or a **standard connection service** (and the applicant does not elect to apply for a **negotiated connection contract**), the *distributor* must make a **connection offer** to the applicant within:
 - (a) 10 business days after receiving a properly completed application for the service and the additional information (if any) reasonably required under **subrule 119R(5)**; or
 - (b) some other period agreed between the *distributor* and the **connection applicant**.
- (2) The **connection offer** must be in accordance with the relevant **model standing offer** and must include:
 - (a) the date of the offer; and
 - (b) details of the **connection service** to be provided; and
 - (c) a statement of the **connection charges** payable by the **connection applicant**.
- (3) If requested by the **connection applicant**, the *distributor* must include in its **connection offer** the following information about the basis for calculation of **connection charges**:
 - (a) the *distributor's* assumptions about the future use of **supply services** by the relevant *retail customer* or group of *retail customers* supplied or to be supplied through the **connection**; and
 - (b) if a component of a **connection charge** relates to augmentation or extension of the **distribution pipeline**—the *distributor's* assumptions about the incremental increase or reduction in operating and maintenance costs.

RULE

119K

Negotiation framework

- (1) The following rules (collectively described as the **negotiation framework**) govern negotiations between a *distributor* and a *connection applicant*:
- (a) each party must negotiate in good faith;
 - (b) the *connection applicant* must, at the request of the *distributor*, provide the *distributor* with information it reasonably requires in order to negotiate on an informed basis;

Note

The information might (for example) include estimates of average and maximum demand for natural gas to be supplied through the *connection*.

- (c) the *distributor* must provide the *connection applicant* with information the *connection applicant* reasonably requires in order to negotiate on an informed basis including:
 - (i) an estimate of the amount to be charged by the *distributor* for assessment of the application and the making of a *connection offer* for a *negotiated connection contract*; and
 - (ii) an estimate of *connection charges*; and
 - (iii) a statement of the basis on which *connection charges* are calculated (which must be consistent with the *connection charges criteria*); and
 - (iv) a statement of the assumptions made by the *distributor* in applying the *connection charges criteria*; and
 - (v) 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;

Note

The *distributor* might, according to the circumstances of a particular case, need to provide further information to ensure the *connection applicant* is properly informed – for example, information about:

technical and safety requirements;

the types of *connection* that are technically feasible;

the capacity of the *distribution pipeline* at the proposed *connection point*;

possible strategies to reduce the cost of the *connection*.

- (d) the *distributor* may consult with other users of the *distribution pipeline* who may be adversely affected by the proposed *new connection* or *connection alteration*;
- (e) in assessing the application, the *distributor* must determine:
 - (i) the technical requirements for the proposed *new connection* or *connection alteration*; and
 - (ii) the extent and costs of any necessary augmentation or extension; and
 - (iii) 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;
- (f) the *distributor* must make reasonable endeavours to make a *connection offer* that complies with the *connection applicant's* reasonable requirements.

Example

Reasonable requirements as to the location of the proposed *connection* point.

- (2) The following supplementary rules apply:
 - (a) if a *distributor* requires information from a *connection applicant* in addition to the information provided in the application, a request for the additional information under subrule (1)(b) must (if practicable) be made within 20 business days after the *distributor* receives the relevant application;
 - (b) the *distributor* must provide the information required under subrule (1)(c) as soon as practicable after the *distributor* receives the *connection applicant's* application or, if the *distributor* requests additional information under subrule (1)(b), as soon as practicable after the *distributor* receives the relevant information.
- (3) Each party to the negotiations must maintain the confidentiality of confidential information disclosed by the other party in the course of the negotiations unless disclosure of the information is authorised:

- (a) by the party to whom the duty of confidentiality is owed; or
- (b) under:
 - (i) the *Law*; or
 - (ii) any other *law*.

RULE

119V

Negotiated connection offer

- (1) A *distributor* must use its best endeavours to make a negotiated **connection offer** to the **connection applicant** within 65 business days after the date of the application for a **connection service** (but the time taken by the **connection applicant** to provide information reasonably sought by the *distributor* under [rule 119K\(1\)\(b\)](#) will not be counted).
- (2) A negotiated **connection offer**:
 - (a) must be in the form of an offer to enter into a contract in specified terms; and
 - (b) if the **connection applicant** elected to extend the scope of negotiations to cover **supply services**—contain terms and conditions relating to the relevant **supply services**.
- (3) A negotiated **connection offer** must not include a **connection charge** that is inconsistent with the **connection charges criteria**.
- (4) A negotiated **connection offer** remains open for acceptance for 20 business days from the date of the offer and then lapses unless the period for acceptance is extended by agreement between the *distributor* and the **connection applicant**.