

New Gas Supply Agreements – LPG Supply and Pricing at Mount Hotham Fact Sheet

The Mount Hotham Alpine Resort Management Board (MHARMB) offers an LPG gas service to tenants at Mount Hotham. This is offered to support efficient heating on the Mountain, and to reduce the hazards associated with the individual transportation of bottled LPG. This fact sheet provides some clarity in regards to the new Gas Supply Agreements which have recently been circulated by MHARMB.

How is the base price of gas determined at Mount Hotham?

There are a number of factors which effect the price of gas offered by MHARMB, including global seasonal variation in demand for gas, and oil prices. MHARMB pursues a strategy where it attempts to fill its reserves when prices are depressed and resells according to the gas rate at the time of purchasing. This means that MHARMB prices for LPG will not always align with the market rates advertised elsewhere.

What is a 'Usage Unit' of Gas?

A 'usage unit' as referred to in the LPG Gas agreement is an amount of gas containing a gigajoule of energy. As the energy density of gas is effected by atmospheric conditions, temperature and the meter used an adjustment is made before billing. This ensures that you are paying for *the energy you receive* rather than *the amount of gas*.

How is the cost of my gas usage calculated?

In order to do this, gas is adjusted to a standard volume of measurement of 101.325kPa/1m³ at 15°C.

This is done using an equation that accounts for altitude pressure, the pressure of gas through the gas meter, temperature, and the compressibility factor of the gas at the pressure it is delivered through your meter. The equation MHARMB uses is below:

$$\text{Cost of gas to customer} = \text{Price per Usage Unit} \times \text{Volume of gas} \times \text{Energy Conversion Factor}$$

The *Energy Conversion Factor* is determined using a formula that accounts for altitude, gas pressure, temperature of flowing gas, and the type of meter used.

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Which Meter do I have?

There are three different types of gas meter at Mount Hotham, which affect the calculations used to determine the price of gas. However, the adjustments ensure that you pay for *the energy you receive* by accounting for the differences in pressure of gas passing through the different types of meter used at Mount Hotham. This means that your type of meter does not affect your rate of payment or the efficiency of your gas supply.



Does it make a difference whether I sign a gas agreement or not?

There is a small difference in the unit rate between customers on a current Gas Supply Agreement and those who are not. However, this may quickly compound. In the July 2016 period, the cost of Gas to customers with an agreement was \$34.54 per unit and the cost to those without was \$35.41.

In one club's case, signing a gas supply agreement resulted in \$64.87 savings per month over winter.

Why not offer the discounted rate to all gas customers?

Gas Supply Agreements allow MHARMB to better ascertain existing and future demand for gas, which reduces waste and enables the purchasing of gas to be organised in a fashion that responds to both demand on Mountain and variations in the global energy market which effect the price of gas. In recognition of this benefit, MHARMB offers a discount to customers who have entered in to a Gas Supply Agreement.

If you have any further queries about your premises' LPG connection or the Gas Supply Agreement currently on offer, do not hesitate to contact Kerry Kondraschek by phone at 5759 3550 or by email at property@mthotham.com.au.