



24 August 2023

To: Cain Fleckhammer, Director—Gas Pipelines

Delivered via e-mail to: AERgasreform@aer.gov.au

Re: Pipeline information disclosure guidelines – Draft

Australia Pacific LNG Pty Ltd (APLNG) welcomes the opportunity to contribute to the consultation process on the draft gas pipeline information disclosure guidelines (draft Guidelines) required under Part 10 of the National Gas Rules (NGR).

Background

APLNG is an incorporated company based in Queensland, and one of the largest producers of natural gas in eastern Australia, delivering a reliable energy source to customers in Australia and Asia. We are the largest net contributor of gas supply to Australia's domestic east coast gas market, providing over 1,400 PJ of gas into the domestic market since the project was sanctioned. APLNG is an incorporated joint venture between ConocoPhillips, Origin Energy and Sinopec. Origin Energy is the upstream operator and ConocoPhillips is the downstream operator of APLNG.

APLNG's pipeline distribution network transports gas from fields to market via various delivery points, including its own downstream facility for LNG export and major industrial customers in Gladstone. APLNG does not currently provide third-party access to its owned and operated pipelines and holds the relevant Category 1 exemptions under Part 10 of the NGR.

Overarching comments

APLNG's overarching position is that the Guidelines should balance the regulatory burden placed on service providers with the benefit information users derive in negotiating reasonable terms and conditions of pipeline access.

Regulatory reforms and new reporting requirements are having a cumulative impact on APLNG's business. Consequently, APLNG insists that, where practicable, the AER maintain consistency with other reporting obligations (including to other agencies) and that new requirements are not unnecessarily onerous.

The draft Guidelines as published in July 2023 would require the provision of a large quantity of detailed information, some of which could be commercially sensitive. APLNG is concerned that the provision of such information would materially disadvantage APLNG's business activities.

The draft Guidelines require service providers to duplicate the asset valuation methods, which is an unnecessary compliance burden and exceeds the requirement of scheme pipeline service providers.

Specific comments

APLNG highlights the following points:

- **Duplication and reconciliation**– The draft Guidelines require non-scheme pipeline service providers to publish asset values using two methods: the depreciated book value method (s.2.4); and the recovered capital method (s.2.5—unless it must use an alternative asset valuation method consistent with the valuation objective under NGR 113Z(5)). Service providers must reconcile both asset valuation methods qualitatively.

APLNG considers that providing two calculation methods for asset values is an unnecessary burden on service providers that will not assist potential users to assess the reasonableness of standing price offers. In practice, only one asset valuation method will be used to prepare an offer. APLNG submits the service provider should be able to provide asset values using only one asset valuation method, being the method most appropriate to the relevant pipeline.

- **Requiring reasonable assurance**– Section 6 of the draft Guidelines requires the service provider to appoint an external auditor to provide reasonable assurance, and, in some cases limited assurance, over the information provided. APLNG submits that reasonable assurance as defined by the auditing standard is a very high threshold and comes at a higher cost than limited assurance.

To keep the cost burden down—for both the service providers and potential pipeline users—APLNG considers the Guidelines should only require limited assurance to be provided.

Should you have any questions or would like to discuss this submission further, please contact Ms Clotilde Bélanger, Principal Regulatory Advisor, [REDACTED]

Yours sincerely



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Origin Energy on behalf of Australia Pacific LNG Pty Limited