

[REDACTED] [REDACTED]
18 October 2023

[REDACTED]
By email: [REDACTED]
[REDACTED]

Dear [REDACTED],

Re: McArthur River Pipeline – exemptions under Part 23 of the National Gas Rules (NGR)

As you would be aware, the **McArthur River Pipeline** operated by Power and Water Corporation holds Category 2 and Category 3 exemptions granted by the AER under Part 23 of the NGR, which are due to expire on 1 March 2024.

Gas pipeline regulation reforms to the National Gas Law (NGL) and NGR were recently proclaimed and have now come into effect.¹ Rule 12 of Schedule 6 of the NGR describes how a holder of a Category 2 or Category 3 exemption under Part 23 (which has now been repealed) will be taken to have been granted an exemption under the new Part 10 of the NGR.

We are therefore writing to inform you about the gas pipeline regulation reforms, how McArthur River Pipeline may be affected by these changes and the application process for new exemptions under Part 10 of the NGR.

Existing Exemptions

Based on the information provided by Power and Water Corporation in your Part 23 exemption application of 4 June 2019, we have identified that the following exemptions granted in respect of the McArthur River Pipeline may be affected by recent changes to Part 10 and Part 23 (now repealed) of the NGR:

Category 2 exemption (based on single shipper status):

- Under rule 12 of Schedule 6, the holder of an exemption granted under Category 2 in Part 23 in relation to a pipeline that is a single user pipeline will be taken to have been granted an exemption under Category 2 in Part 10 Division 2 Subdivision 2 (as in force after 2 March 2023).

¹ The gas pipeline regulation reforms are contained in the *Statutes Amendment (National Energy Laws) (Gas Pipelines) Act 2022 (SA)* which came into operation on 2 March 2023, and the *National Gas Rules (Gas Pipelines) Amendment Rules 2023 (SA)* which was gazetted on 16 March 2023 and are consolidated into version 68 of the NGR.

- This means that once the new rules commence, service providers may be exempt² from obligations to publish financial information, historical demand information and a cost allocation methodology (r 101D of the NGR) in relation to the exempt pipeline.
- However, the change from Part 23 to Part 10 may require these pipelines to publish certain information in relation to which they may have been formerly exempt under their Part 23 Category 2 exemption, including:
 - pipeline information,
 - pipeline service information,
 - service usage information,
 - service availability information,
 - standing terms, and
 - actual prices payable.

Category 3 exemption:

- Under rule 12 of Schedule 6 of the NGR, a transmission pipeline with a nameplate rating of less than 10TJ/day, with an exemption granted under Category 3 of Part 23 of the NGR (as in force immediately before 2 March 2023) will be taken to have been granted a Category 2 exemption under Part 10 Division 2 Subdivision 2 of the NGR (as in force after 2 March 2023).
- This means that under the new rules, service providers may be exempt³ from obligations to publish financial information, historical demand information and a cost allocation methodology (r 101D of the NGR) in relation to the exempt pipeline.
- However, the change from Part 23 to Part 10 may require these pipelines to publish certain information in relation to which they may have been formerly exempt under their Part 23 Category 3 exemption, including:
 - pipeline information,
 - pipeline service information,
 - service usage information,
 - service availability information,
 - standing terms, and
 - actual prices payable.

McArthur River Pipeline's existing Category 2 Part 23 exemption transitioned to a Category 2 exemption under Part 10 on 2 March 2023⁴, and will continue to remain valid until the original date of expiry of those exemptions on 1 March 2024, unless otherwise varied or revoked by the AER sooner.

Since McArthur River Pipeline is a single user pipeline, its existing Category 3 Part 23 exemption transitioned to a Category 2 Part 10 exemption without the need for the AER to be satisfied that the McArthur River Pipeline has a nameplate rating that is less than 10 TJ/day.⁵

Information we require from Power and Water Corporation

Please confirm whether there have been any changes to the information provided to the AER in your original NGR Part 23 exemption application for the pipeline (for your reference, the information provided in the original Part 23 exemption application is included in Attachment 1).

² NGR, r. 102(4) of Part 10.

³ Ibid.

⁴ NGR, r. 12(2) of Schedule 6.

⁵ NGR, r. 12(5) of Schedule 6. 'Nameplate rating' has the meaning given in r. 12(1) of Schedule 6.

Please send your response as outlined above to AERnonschemeexemptions@aer.gov.au by **31 October 2023**.

Applications for new exemptions

Going forward, **applications for new exemptions must be made under the new Part 10** of the NGR which contains some key differences to the former Part 23. Should you wish to apply for a new Category 2 exemption under Part 10 upon expiry of your existing exemptions on 1 March 2024, we require that a new application form be completed and submitted to us.

Information about the [exemption process under Part 10](#) and the [application form](#) is available on the AER website. If you have any questions in relation to this exemption process, please contact [REDACTED].

Yours sincerely



Sent by email on: 18.10.2023

Attachment 1 Original Part 23 exemption application data