

19 December 2023

By email: [REDACTED]

Greetings,

**Re: Category 1 and Category 2 – Santos Pipelines – exemptions under Part 23 of the National Gas Rules (NGR)**

As you would be aware, the pipelines stated below managed/owned by Santos (previously owned by ConocoPhillips) hold exemptions granted by the AER under Part 23 of the NGR. These exemptions have an expiry date of 1 March 2024.

Pipeline	Application Date	Exemption Category/ Description
Bayu Undan to Darwin Pipeline	8 October 2019	Category 1 and Category 2 under Part 23 – No third-party access pipeline
DLNG to PWC Pipeline (Upstream Component)	4 February 2020	Category 1 and Category 2 under Part 23 – No third-party access pipeline
DLNG to PWC Pipeline (Downstream Component)	4 February 2020	Category 2 under Part 23 – Single shipper pipeline

Gas pipeline regulation reforms to the National Gas Law (NGL) and NGR were proclaimed in March 2023 and are now in effect.<sup>1</sup> Rule 12 of Schedule 6 of the NGR describes how a holder of a Category 2 exemption under Part 23 (which has now been repealed) will be taken to have been granted an exemption under the new Part 10 of the NGR.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 Santos Pipelines 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 ConocoPhillips in the pipelines’ Part 23 exemption applications, we have identified that the following exemptions granted in respect of the pipelines may be affected by recent changes to Part 10 and Part 23 (now repealed) of the NGR:

<sup>1</sup> 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.

### **Category 1 exemption:**

- There are no provisions for former Part 23 Category 1 exemptions to be transitioned to the new Part 10.
- Category 1 exemptions therefore ceased to have effect from 16 March 2023.

### **Category 2 exemption (based on no third-party access):**

Under rule 12 of Schedule 6 of the NGR, the holder of a Category 2 exemption granted under Part 23 of the NGR (as in force immediately before 2 March 2023<sup>2</sup>) in relation to a pipeline that is not a third-party pipeline, will be taken to have been granted a Category 1 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, exempt pipelines are not obligated to publish all information under Subdivision 1 of Part 10 in relation to the pipeline.
- Service providers under Part 10 Category 1 exemptions are exempt from the requirement to publish a user access guide<sup>3</sup> but must prepare and maintain a user access guide.
- Service providers under Part 10 Category 1 exemptions are also exempt from ss 139, 140, 141, 147 and 148 of the NGL (per NGR rule 35).

### **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).

- This means that once the new rules commence, these pipelines may be exempt<sup>4</sup> from obligations to publish financial information, historical demand information and a cost allocation methodology (r 101D of the NGR).
- 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.

### **Information we require from Santos**

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

### **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 1 exemption under Part 10 upon expiry of your existing exemptions

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<sup>2</sup> 'Commencement day' for Schedule 6 of the NGR means the day on which Part 19 of Schedule 3 of the NGL (inserted into the NGL by the National Energy Laws Amendment (Gas Pipelines) Act 2022) comes into operation. That day was 2 March 2023.

<sup>3</sup> NGR, r. 105C(8) of Part 11.

<sup>4</sup> NGR, r. 102(4) of Part 10.

on 1 March 2024, we require that new application forms be completed separately 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



[REDACTED]

Sent by email on: 19.12.2023

Attachment 1      Part 23 exemption application data