

FINAL DECISION

APT Pipelines (NT)

Gas Transmission Determination

2026 to 2031

Reference service

November 2024

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Executive summary

The Australian Energy Regulator (AER) works to make all Australian energy consumers better off, now and in the future. We regulate energy networks in all jurisdictions except Western Australia. We set the amount of revenue that network businesses can recover from customers for using these networks.

The National Gas Law and Rules (NGL and NGR) provide the regulatory framework governing gas transmission and distribution networks. Our work under this framework is guided by the National Gas Objective (NGO):

The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to—

- (a) price, quality, safety, reliability and security of supply of natural gas; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia's greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

APT (NT) (APTNT) provides reticulated natural gas services in the Northern Territory via the Amadeus Gas Pipeline.

On 1 July 2024 APTNT submitted to the AER a reference service proposal for its gas transmission network for the 2026–31 access arrangement period. We have assessed the proposal against the requirements set out in the NGR.

We published APTNT's proposal on the AER's website and called for submissions. No submissions were received.

Our final decision is to approve APTNT's reference service proposal. We consider the proposal is consistent with the regulatory requirements.

Under the NGR, gas network service providers are required to submit their reference service proposals to the AER twelve (12) months in advance of the submission date for their access arrangement revisions proposal.

The NGR require us to complete our assessment of a reference service proposal no later than six (6) months in advance of the due date for submission of the relevant access arrangement revisions proposal.

APTNT's access arrangement revisions submission date is 30 June 2025. We are required to conclude our assessment no later than 31 December 2024.

1 Background

This section discusses the reference service requirement in the NGR and describes APTNT's Amadeus Gas Pipeline.

1.1 APTNT gas transmission network

The Amadeus Gas Pipeline is a transmission pipeline which extends approximately 1,600 kilometres from the Amadeus Basin, in central Australia, to Darwin. It transports natural gas to Darwin, Alice Springs, and other regional centres, principally to fuel electricity generation.

1.2 Reference services

In preparing its reference service proposal and in undertaking our assessment, the NGR require APTNT and ourselves to have regard to the NGR reference service factors:¹

- the actual and likely demand for the pipeline's services and the number of prospective users
- the extent to which the pipeline service is substitutable with another service
- the feasibility of allocating costs to the pipeline service
- the usefulness of specifying the pipeline service as a reference service in supporting negotiations and dispute resolution
- likely regulatory costs for all parties in specifying the pipeline service as a reference service.

Services we determine meet the reference service factors will be determined to be reference services. Services we determine do not meet the reference service factors will be treated as non-reference services.

Determining a service to be a reference service, as compared to it being a non-reference service, makes a significant difference to how the service is regulated.

Reference services are subject to AER price regulation. That is, we set maximum prices, or price caps, which gas networks may charge network users for reference services. Gas networks may choose to charge network users less than the price caps we determine but they may not charge more.

Services we determine to be non-reference services are not subject to price regulation. This means gas networks set their own charges for non-reference services.

¹ NGR, cl. 47A(14).

1.3 Reference service proposal process

Gas network service providers are required to submit a separate reference service proposal to the AER for assessment twelve (12) months in advance of the submission date for their access arrangement revisions proposal.

The NGR requires us to complete our assessment of a reference service proposal no later than six (6) months in advance of the due date for submission of the relevant access arrangement revisions proposal.

APTNT's access arrangement revisions submission date is 30 June 2025.² This means APTNT was required to submit its reference service proposal to the AER by no later than 30 June 2024, which it did. We are required to conclude our assessment and release our decision no later than 31 December 2024.

An access arrangement must be consistent with our reference service proposal decision unless there has been a material change in circumstances.³

Our detailed compliance assessment against the relevant elements of the NGR (cl. 47A) is set out in section 3 of this decision paper.

² Access arrangement revisions for the 2025/26 to 2030/31 access arrangement period.

³ NGR cl.48(1)(b)(c) and (c1).

2 APTNT’s reference service proposal

This section outlines APTNT’s reference service proposal including the stakeholder consultation it undertook in developing its proposal.

2.1 APTNT’s stakeholder consultation

APTNT submitted that it invited interested stakeholders to join its stakeholder reference group and attend a co-creation workshop held on 28 February 2024. The workshop was to co-design an engagement plan and provide stakeholders with an introduction to the reference service proposal and seek initial feedback.

APTNT invited further comments and feedback on elements of the reference service proposal:

- at its first stakeholder meeting on 15 April 2024
- by emailing the draft reference service proposal to the stakeholder reference group.

APTNT submitted that its stakeholder reference group identified a number of priority areas for engagement at the co-creation workshop held on 28 February 2024:

- third party access
- the inclusion of all services within reference tariffs
- interruptible park and loan falling into the definitions set out by the reference service proposal.

2.2 APTNT’s reference service proposal

Reference services

APTNT proposed to continue to offer the firm transportation service on the Amadeus Gas Pipeline as a reference service. In continuing to offer firm transportation service as a reference service, APTNT submitted it would not expect to:⁴

- change the costs it incurs in managing a fully regulated pipeline
- increase the AER’s costs of administering regulation, or
- increase the costs that users and prospective users will incur in understanding and working with the access regulatory regime as it applies to the Amadeus Gas Pipeline.

APTNT proposed to continue to offer the interruptible transportation service on the Amadeus Gas Pipeline as a reference service, as users have declared support for maintaining it as a reference service and there is underlying customer demand for the service.⁵

⁴ APA, *Amadeus Gas Pipeline – 2026-31 Access Arrangement: Reference Service Proposal*, June 2024, p. 16.

⁵ APA, *Amadeus Gas Pipeline – 2026-31 Access Arrangement: Reference Service Proposal*, June 2024, p. 17.

Non-reference services

APTNT also assessed the following services against the reference services criteria:⁶

- interconnection
- in-pipe trade
- park and loan.

APTNT noted that these services have low to zero demand or are offered as a service in addition to firm transportation. APTNT assessed the interruptible park and loan service and considers it does not satisfy the assessment criteria.

APTNT considers the park and loan service has a significant regulatory cost because of the operational requirements and, because the Amadeus Gas Pipeline is fully contracted, is unlikely to be offered during this regulatory period.

Note: this list does not include the exchange capacity trading service which APTNT is required to provide in accordance with the NGR.

⁶ APA, *Amadeus Gas Pipeline – 2026-31 Access Arrangement: Reference Service Proposal*, June 2024, p. 17-19

3 AER assessment

Our final decision is to approve APTNT’s reference service proposal. We consider the proposal is consistent with NGR cl. 47A.

This section sets out our assessment of APTNT’s reference service proposal, including the stakeholder consultation we undertook.

3.1 AER stakeholder consultation

We published APTNT’s reference service proposal on the AER website on 2 July 2024. We called for written submissions by no later than 9 August 2024. To alert stakeholders to this process we issued a communications notice on 2 July 2024 which was also emailed to all AER website subscribers.

In response, we received no submissions.

3.2 AER assessment of APTNT’s reference service proposal

To assess APTNT’s reference service proposal we considered the extent to which it conforms to each regulatory requirement set out in the NGR cl 47A. Our detailed assessment is set out in Table 3-1.

Table 3-1 Summary of NGR cl. 47A reference service requirements

NGR cl. 47A requirement	Compliance assessment
(1) A service provider in respect of a full regulation pipeline must, whenever required to do so under subrule (3), submit to the AER a reference service proposal in respect of a forthcoming full access arrangement proposal that:	
(a) identifies the pipeline and includes a reference to a website at which a description of the pipeline can be inspected;	Compliant. See pages 3-5 of APTNT’s reference service proposal.
(b) sets out a list of all the pipeline services that the service provider can reasonably provide on the pipeline and a description of those pipeline services having regard to the characteristics in subrule (2);	Compliant. See page 6 of APTNT’s reference service proposal.
(c) from the list referred to in subrule (1)(b), identifies at least one of those pipeline services that the service provider proposes to	Compliant. See pages 6-10 of APTNT’s reference service proposal.

specify as reference services having regard to the reference service factors including any supporting information required by the AER; and

(d) if the service provider has engaged with pipeline users and end users in developing its reference service proposal, describes any feedback received from those users about which pipeline services should be specified as reference services.

Compliant. See pages 11-13 of APTNT’s reference service proposal.

(2) A pipeline service is to be treated as distinct from another pipeline service having regard to the characteristics of different pipeline services, including:

APTNT’s reference service proposal appropriately defines pipeline services in regard to their characteristics, priority and receipt points. See pages 6-10 of APTNT’s reference service proposal.

(a) the service type (for example, forward haul, backhaul, connection, park and loan);

(b) the priority of the service relative to other pipeline services of the same type; and

(c) the receipt and delivery points.

(14) In deciding whether or not a pipeline service should be specified as a reference service, the AER must have regard to the reference service factors.

We have had regard to the reference service factors in assessing APTNT’s reference service proposal.

(15) The reference service factors are:

(a) actual and forecast demand for the pipeline service and the number of prospective users of the service;

APTNT’s reference service proposal is premised on there being ongoing high demand for the firm and interruptible transportation service.

In respect of APTNT’s proposed non-reference services, it submitted these are either not frequently required, have never been used or are subject to uncertain and fluctuating demand.

We accept APTNT’s proposition that demand for its proposed non-reference services is difficult to forecast and/or likely to be low or nil.

(b) the extent to which the pipeline service is substitutable with another pipeline service to be specified as a reference service;

The firm transportation service is not substitutable with other services. Given the pipeline’s circumstances, the interruptible service is also not substitutable.

(c) the feasibility of allocating costs to the pipeline service;

Costs may be allocated to the firm transportation service and, we consider, the interruptible service.

(d) the usefulness of specifying the pipeline service as a reference service in supporting access negotiations and dispute resolution for other pipeline services, such that:

(i) reference services serve as a point of reference from which pipeline services that are not reference services can be assessed by a user or prospective user for the purpose of negotiating access to those other pipeline services;

To the extent there is demand for the non-reference services, firm transportation and interruptible transportation as reference services may be used as a point of reference for negotiations with APTNT.

(ii) a reference tariff serves as a benchmark for the price of pipeline services that are not reference services; and

As above.

(iii) reference service terms and conditions serve as a benchmark for the terms and conditions of pipeline services that are not reference services;

As above.

(e) the likely regulatory cost for all parties (including the AER, users, prospective users and the service provider) in specifying the pipeline service as a reference service.

By specifying firm transportation and interruptible transportation as reference services there will be only limited change from the current arrangements. As a result, regulatory costs for all parties will be minimised.

Glossary

Term	Definition
APA	APA Group
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
APTNT	APT Pipelines (NT) Pty Limited
Cl.	clause
NGR	National Gas Rules
