



Decision

Access arrangement

**APT Petroleum Pipeline Pty Ltd
Roma to Brisbane Pipeline
2012–13 to 2016–17**

August 2012

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Shortened forms

Shortened form	Full title
ACCC	Australian Competition and Consumer Commission
AER	Australian Energy Regulator
APTPPL	APT Petroleum Pipelines Pty Limited (ACN 009 737 393)
access arrangement information	APT Petroleum Pipelines Pty Limited, Access arrangement information, 12 October 2011
access arrangement period	1 September 2012 to 30 June 2017
access arrangement proposal	APT Petroleum Pipelines Pty Limited, Access arrangement revision proposal, 12 October 2011
access arrangement submission	APT Petroleum Pipelines Pty Limited, Access arrangement revision proposal–submission, 12 October 2011
Capex	capital expenditure
earlier access arrangement	Access arrangement for the Roma to Brisbane Pipeline effective from 12 April 2007 to 11 April 2012 inclusive
earlier access arrangement period	12 April 2007 to 11 April 2012 inclusive
draft decision	AER, Draft decision, APT Petroleum Pipeline Pty Limited access arrangement proposal for the Roma to Brisbane Pipeline 12 April 2012 – 30 June 2017, April 2012
DRP	debt risk premium
MRP	market risk premium
NGL	National Gas Law
NGR	National Gas Rules
revised access arrangement information	APT Petroleum Pipeline Pty Limited revised access arrangement information for the Roma to Brisbane Pipeline 12 April 2012 – 30 June 2017, May 2012
revised access arrangement proposal	APT Petroleum Pipeline Pty Limited revised access arrangement proposal for the Roma to Brisbane Pipeline 12 April 2012 – 30 June 2017, May 2012
revised access arrangement submission	APT Petroleum Pipeline Pty Limited revised access arrangement submission for the Roma to Brisbane Pipeline 12 April 2012 – 30 June 2017, May 2012
Opex	operating expenditure
RBP	Roma to Brisbane Pipeline
WACC	Weighted average cost of capital

Background

The Australian Energy Regulator (AER) is responsible for the economic regulation of covered natural gas distribution and transmission pipelines in all states and territories except Western Australia. The AER's functions and powers are set out in the National Gas Law (NGL) and the National Gas Rules (NGR).

The Roma to Brisbane Pipeline (RBP) is a covered gas transmission pipeline, in accordance with the NGL. The RBP is both owned and operated by APT Petroleum Pipelines Pty Limited ACN 009 737 393 (APTPPL).

The RBP was commissioned in 1969 to transport gas from Wallumbilla (near Roma) to industrial gas users in Brisbane. Since then the capacity of RBP has been expanded through compression and looping, and now also consists of several lateral pipelines.¹ This occurred in response to market growth, and was underpinned by contracts negotiated with third parties such as producers, power stations, gas utilities and major industrial customers.

On 12 October 2011 APTPPL submitted its access arrangement proposal for the RBP. The AER released its draft decision on 30 April 2012 and its final decision on 10 August 2012. In its final decision, the AER did not approve APTPPL's revised access arrangement proposal. Under r. 64 of the NGL, the AER is therefore required to make a further decision giving effect to its proposed revisions to APTPPL's access arrangement.

The NGL provides that when performing or exercising an economic regulatory function or power, the AER must do so in a manner that will or is likely to contribute to the achievement of the national gas objective (NGO).² The NGO is:³

... 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 price, quality, safety, reliability and security of supply of natural gas.

The AER must take into account the revenue and pricing principles when exercising its discretion in approving or making those parts of an access arrangement relating to a reference tariff. The AER may also take the revenue and pricing principles into consideration in its performance or exercise of any other AER economic regulatory function or power where it considers this appropriate.⁴

This is the first gas transmission decision made by the AER that will apply to the RBP. The Australian Competition and Consumer Commission (ACCC) made the previous decision, which applied for the period 12 April 2007 to 11 April 2012. The previous decision was the first full assessment by the ACCC of the access arrangement for the RBP under the National Third Party Access Code for Natural Gas Pipeline Systems (the Code).⁵ This final decision is

¹ APTPPL, *Access arrangement information for the Roma to Brisbane Pipeline 2006–2011*, 31 January 2006, pp. 1–2.

² NGL, s. 28.

³ NGL, s. 23.

⁴ NGL, s. 28. The revenue and pricing principles are set out in NGL, s. 24.

⁵ The earlier access arrangement for the RBP for the period 12 April 2007 to 11 April 2012 is a transitional access arrangement in accordance with schedule 1 of the NGR.

the first full assessment by the AER of the access arrangement for the RBP under the NGL and the NGR.⁶

Access arrangement proposal

On 12 October 2011 APTPPL submitted its access arrangement proposal for the RBP for the period 12 April 2012 to 30 June 2017. The access arrangement proposal outlined the proposed terms and conditions of access for the RBP for the access arrangement period. The access arrangement information set out the background and basis of various elements of the access arrangement proposal.⁷

In accordance with the NGR, the AER published APTPPL's access arrangement proposal on 16 November 2011 and called for submissions from interested parties. The AER held a public forum on APTPPL's access arrangement proposal in Brisbane on 30 November 2011. The AER received six submissions on APTPPL's regulatory proposal. The AER also held an industry workshop on APTPPL's proposed queuing requirements in Melbourne on 12 January 2012.

Draft decision on service provider's access arrangement proposal

The AER published its draft decision on APTPPL's access arrangement proposal for the RBP on 30 April 2012 (draft decision). The AER considered submissions on APTPPL's access arrangement proposal as part of the draft decision. The AER engaged engineering, financial and economic experts to advise on key aspects of the access arrangement proposal. The AER considered this advice in making the draft decision.

Revised access arrangement proposal

APTPPL submitted a revised access arrangement proposal and revised access arrangement information for the RBP to the AER on 25 May 2012. The AER published APTPPL's revised access arrangement proposal and supporting documents on the AER website on 28 May 2012.

The AER invited interested parties to make submissions on the draft decision and APTPPL's revised access arrangement proposal by 25 June 2012. The AER also held a public forum on APTPPL's access arrangement proposal in Brisbane on 17 May 2012. The AER received six submissions in response to the invitation for submissions. The AER also undertook additional consultation with APTPPL and RBP users on queuing requirements via teleconferences on 22 June 2012 and 10 July 2012. The AER circulated its proposed revisions on queuing to APTPPL and pipeline users prior to making its final decision. The AER considered the submissions it received when in making its final decision.

⁶ The transitional arrangements set out in clause 5 of schedule 1 of the NGR apply to the review of the RBP access arrangement proposal for the period 1 September 2012 to 30 June 2017.

⁷ NGR, r. 42.

Final decision on service provider's access arrangement proposal

On 10 August 2012, the AER released its final decision to not approve APTPPL's revised access arrangement proposal. The final decision set out the AER's proposed revisions to the revised access arrangement proposal and revised access arrangement information.

In accordance with r. 64(4) of the NGR, the AER is therefore required to make a further decision giving effect to effect to its proposed revisions.

Adjustments subsequent to the final decision

The AER has identified minor revisions that should be made subsequent to the release of the final decision. These editorial changes have been incorporated in the access arrangement and access arrangement information published with this decision.

Further final decision

In accordance with r. 64(4) of the NGR, the AER approves the access arrangement (including the access arrangement information) drafted by the AER for the RBP. This access arrangement is published with this decision.

In accordance with r. 64(6) of the NGR, the access arrangement shall take effect on 1 September 2012.