NEWS RELEASE

Australian Competition & Consumer Commission

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A.C.C.C. APPROVES ROMA TO BRISBANE PIPELINE REVISED ACCESS ARRANGEMENT

The Australian Competition and Consumer Commission today issued its decision to approve APT Petroleum Pipelines Ltd's amended, revised access arrangement for the Roma to Brisbane gas pipeline.

Australian Energy Regulator* Chairman, Mr Steve Edwell, said APTPPL had submitted an amended, revised access arrangement which complied with the ACCC's requirements.

"The outcome follows extensive consultation with users and APTPPL and demonstrates that the interests of both have been balanced in the regulatory process."

"The ACCC agreed to set the value of the pipeline $45.3m above the amount it determined in its earlier decision because APTPPL had satisfied it that users which had made capital contributions as part of past expansions of the pipeline can negotiate for discounts below the reference tariff in the future."

The reference tariff for the pipeline services will initially be set at the level proposed by APTPPL but will decline over time in real terms consistent with the tariff path determined by the ACCC.

The access arrangement submitted by APTPPL removes the need for expensive litigation which has been a feature of past gas access regime arrangements.

"This outcome will benefit both investors and service users. The decision also confirms the importance of the Gas Code's dispute resolution arrangements," Mr Edwell said.

"The ACCC has accepted an APTPPL proposal that access to expanded capacity of the pipeline would be negotiated with users. This is seen as the best way to achieve timely expansion of the pipeline, reflecting the current uncertainty with costs, timing and capacity of expansions."

The ACCC has also accepted that services, other than forward haul on the existing pipeline, should be negotiable. These could include backhaul, interruptible and park and loan services. Prospective users will be able to use the dispute resolution arrangements should negotiations not provide access to these services on a timely basis."

The revised access arrangement will have effect from 12 April 2007.

Media inquiries
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BACKGROUND

*The ACCC has been assisted in this review by the Australian Energy Regulator, a constituent part of the ACCC. The AER is expected to assume full responsibility for reviewing and assessing gas transmission and distribution functions under the gas code later in 2007.

The Roma to Brisbane Pipeline is the only gas transmission pipeline supplying gas to Brisbane. The pipeline was constructed in 1969 and runs from Wallumbilla (Roma) to Brisbane (Gibson Island). It consists of a mainline and a lateral pipeline, the Peat Lateral. The mainline is about 440 kilometres long. Its capacity has been expanded by compression stations and looping to a nominal licensed capacity of 180 terajoules a day. The pipeline also connects with the Queensland Gas Pipeline, which runs from Wallumbilla to Rockhampton (via Gladstone).

The Roma to Brisbane pipeline originally supplied the Brisbane area with gas from Surat Basin fields close to Roma. Gas has also been sourced from the Cooper/Eromanga Basin via the South West Queensland Pipeline. In 2001 and 2002 the pipeline was extended to enable coal seam methane from the Peat and Scotia gas fields to be supplied into south-east Queensland, via the Peat Lateral. This allows Wallumbilla to be a hub for a number of gas sources.

The pipeline was originally owned and operated by Associated Pipelines Limited and later AGL. AGL divested its pipelines via the float of Australian Pipeline Trust in 2000. A subsidiary of APT, APT Petroleum Pipelines Limited is the entity that owns the RBP. In 2001 APTPPL bought the 15 per cent ownership stake held by Interstate Pipelines Limited, resulting in it gaining full ownership.

An access arrangement includes tariff and non tariff elements. Prior to finalisation of this review, the reference tariff approved by the Queensland Government applies up to a capacity of 101 terajoules a day, with additional capacity offered as a negotiated service at a negotiated tariff. The ACCC was not previously able to review the reference tariff under the Queensland Government derogation.

The ACCC has accepted a single zone tariff with a starting capacity charge of $0.4243/GJ/MDQ/day and throughput charge of $0.0283/GJ which will decrease in real terms by 0.8 per cent a year.

The main gas users have historically been large industrial customers, but usage by gas fired electricity generators is expected to increase, and more domestic customers may be added through extension proposals.