



*Attention: Energy, infrastructure writers*

## **DRAFT DECISION ON DAWSON VALLEY PIPELINE ACCESS ARRANGEMENT**

The Australian Competition and Consumer Commission today issued its draft decision on the Dawson Valley pipeline access arrangement.

"Anglo Coal submitted its proposed access arrangement to the ACCC in February 2007 after the Minister for Industry, Tourism and Resources decided that the Dawson Valley pipeline should be regulated under the gas code," Australian Energy Regulator\* Chairman, Mr Steve Edwell, said.

"The Dawson Valley pipeline is a small pipeline that transports coal seam methane from fields in the Dawson Valley in central Queensland to the Wallumbilla to Gladstone via Rockhampton pipeline.

"While only its owners, Anglo Coal and Mitsui, currently ship gas on this pipeline, other coal seam methane producers may in future seek access. The access arrangement will set out the terms and conditions on which Anglo Coal will make third party access available.

"The ACCC's draft decision proposes that a number of amendments be made to Anglo Coal's access arrangement in order for it to be approved. The ACCC was concerned that Anglo Coal overstated its non-capital costs, resulting in a tariff level that might deter development of competing coal seam methane fields in the Dawson Valley.

"The changes proposed by the ACCC will result in a reduction in the tariff proposed by Anglo Coal from \$0.406/GJ to \$0.306/GJ."

The ACCC invites written submissions in response to its draft decision by 8 June 2007. The draft decision will be available on the AER website, [www.aer.gov.au](http://www.aer.gov.au). The ACCC will take into consideration issues raised in submissions before issuing its final decision.

### Media inquiries

Mr Steve Edwell, AER Chairman, (03) 9290 1421 or 0423 047 554

Mr Ed Willett, ACCC Commissioner, 0414 559 999

Ms Lin Enright, Director, Media Unit, (02) 6243 1108 or 0414 613 520

### General inquiries

Infocentre: 1300 302 502

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## **BACKGROUND**

On 5 February 2007 Anglo Coal Limited, Anglo Coal (Dawson Management) Pty Ltd and Mitsui Moura Investment Pty Ltd submitted a proposed access arrangement for the Dawson Valley Pipeline to the Australian Competition and Consumer Commission for approval under the *National Third Party Access Code for Natural Gas Pipeline Systems*.

The DVP became a covered pipeline when the code came into effect in Queensland in 2000. However, no access arrangement had been approved when coverage was revoked later that year. On 10 May 2006 the Minister for Industry, Tourism and Resources determined that the DVP should again be a covered pipeline. The current approval process by the ACCC is the first assessment of an access arrangement for the DVP.

The DVP was constructed in 1996 and transports gas 47 km from coal seam methane gas fields in the Dawson Valley in central Queensland to the Wallumbilla to Gladstone via Rockhampton pipeline. The pipeline is six inches in diameter and currently has a maximum capacity of 30TJ/day (approximately 11 PJ per year).

The Dawson Joint Venture owns the DVP and the associated CSM fields and is currently the only user of the pipeline. Until recently the Lowell-Helm Joint Venture, which owns the nearby Mungi gas field and the surrounding exploration permits, was also a user of the pipeline. It now sells its gas to the Dawson Joint Venture ex-plant.

\*The ACCC is being 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.