

06 December 2024

[REDACTED]  
Director, Gas Pipelines  
Consumer, Policy & Markets Division  
Australian Energy Regulator  
23 Marcus Clarke Street  
PO Box 3131  
Canberra, ACT 2601

By email [REDACTED]

Dear [REDACTED]

**Re: Classification of Kurri Kurri Pipeline**

APA is pleased to advise that we will soon be commissioning the Kurri Kurri Lateral Pipeline (**KKLP**) in NSW. The KKLP is a buried gas transmission pipeline and storage pipeline that will connect the Hunter Power Project at Kurri Kurri, in New South Wales, to the existing Jemena Sydney to Newcastle pipeline, near Newcastle.

As the licence for the KKLP does not specify whether the KKLP is a transmission or distribution pipeline, s117 of the National Gas Law (**NGL**) requires the service provider to apply to the AER for the pipeline to be classified as a distribution pipeline or transmission pipeline. The application must be made in accordance with the National Gas Rules, (**NGR**), in this case Rule 29D.

Please accept this correspondence as an application under NGL s117, following the requirements of Rule 29D.

Under Rule 29D, the application for classification of a pipeline must:

**29D(a) be made in writing;**

Please accept this correspondence as satisfaction of the requirements of this Rule.

**29D(b) include the applicant's name and contact details**

The Applicant is:

APA Transmission Pty Ltd  
ACN 603 054 404  
Level 25, 580 George Street  
Sydney NSW 2000

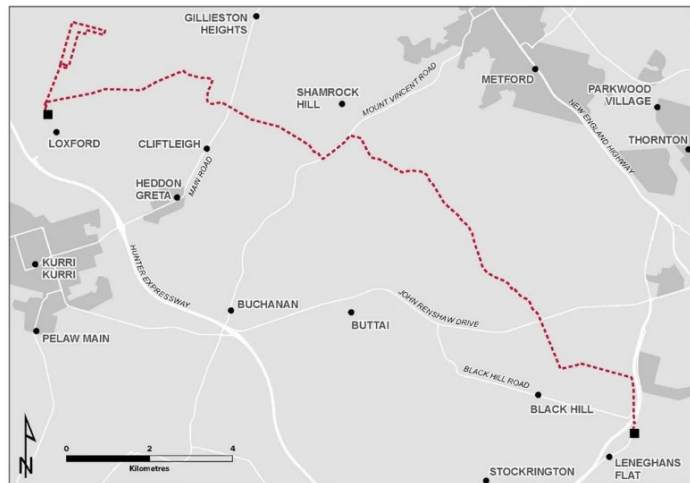
**29D(c) identify the pipeline to which the application relates**

The Kurri Kurri Lateral Pipeline (KKLP) is a buried gas transmission pipeline and storage pipeline that will connect the Hunter Power Project at Kurri Kurri, in New South Wales, to the existing Sydney to Newcastle pipeline, near Newcastle.

The KKLP Project is located within the Cessnock City Council, Maitland City Council and Newcastle City Council local government areas, with the closest communities including Kurri Kurri, Heddon Greta, Cliftleigh and Gillieston Heights.

The KKLP comprises the following main components:

- A buried, steel, medium diameter (approximately 14-inch), medium pressure (up to 6.9-megapascal) transmission pipeline of up to approximately 21 kilometres long to provide a gas supply from the existing Sydney to Newcastle pipeline (Plumpton to Hexham Northern Trunk) to the Hunter Power Project.
- A compressor station at the end of the transmission pipeline to boost gas pressure to the required inlet pressure of the Hunter Power Project.
- A buried, steel, large diameter (approximately 42-inch), high pressure storage (up to 15.3-megapascal) pipeline of approximately 24 kilometres in total length downstream of the compressor station to hold up to 70 terajoules of gas ready to supply the Hunter Power Project at the required inlet pressure.



## 29D(d) specify the nature of the classification sought by the applicant

APA Transmission Pty Ltd seeks a classification as a transmission pipeline.

## 29D(e) demonstrate that the classification would be consistent with the pipeline classification criterion

The pipeline classification criterion are specified in s13 of the NGL:

### 13—Pipeline classification criterion

(1) *The pipeline classification criterion is whether the primary function of the pipeline is to—*

- (a) *reticulate gas within a market (which is the primary function of a distribution pipeline); or*
- (b) *convey gas to a market (which is the primary function of a transmission pipeline).*

The primary purpose of the KKLP is to provide supply to the Hunter Power Project. However, the KKLP is also capable of injecting gas into the Jemena distribution system. In this regard, the primary function of the pipeline is more akin to conveying gas to a market than reticulating gas within a market.

(2) *Without limiting subsection (1), in determining the primary function of the pipeline, regard must also be had to whether the characteristics of the pipeline are those of a transmission pipeline or distribution pipeline having regard to—*

- (a) *the characteristics and classification of, as the case requires, an old scheme transmission pipeline or an old scheme distribution pipeline;*

As this is a new pipeline, it has never been classified as an old scheme transmission or an old scheme distribution pipeline.

*(b) the characteristics of, as the case requires, a transmission pipeline or a distribution pipeline classified under this Law;*

The NGL definitions of a distribution pipeline and a transmission pipeline are:

***distribution pipeline*** means a pipeline that—

- (a) is classified as a distribution pipeline under a licence or authorisation granted in relation to the pipeline under jurisdictional gas legislation; or
  - (b) if the licence or authorisation mentioned in paragraph (a) does not include a classification of the pipeline—is classified by the AER as a distribution pipeline,
- and includes a pipeline that is reclassified by the AER as a distribution pipeline;

***transmission pipeline*** means a pipeline that—

- (a) is classified as a transmission pipeline under a licence or authorisation granted in relation to the pipeline under jurisdictional gas legislation; or
  - (b) if the licence or authorisation mentioned in paragraph (a) does not include a classification of the pipeline—is classified by the AER as a transmission pipeline,
- and includes a pipeline that is reclassified by the AER as a transmission pipeline;

As the pipeline licence does not classify the KKLP as a transmission or distribution pipeline, and as the AER has not made a decision on classification (the subject of this application), these definitions are not helpful to this application.

*(c) the characteristics and classification of pipelines specified in the Rules (if any);*

The NGR do not appear to enumerate any characteristics to assist in the classification of pipelines.

*(d) the diameter of the pipeline;*

*(e) the pressure at which the pipeline is or will be designed to operate;*

As described above, the KKLP consists of:

- A medium diameter (approximately 14-inch), medium pressure (up to 6.9-megapascal) transmission pipeline of up to approximately 21 kilometres long to provide a gas supply from the existing Sydney to Newcastle pipeline (Plumpton to Hexham Northern Trunk) to the Hunter Power Project.
- A large diameter (approximately 42-inch), high pressure storage (up to 15.3-megapascal) pipeline of approximately 24 kilometres in total length downstream of the compressor station to hold up to 70 terajoules of gas ready to supply the Hunter Power Project at the required inlet pressure.

These are clearly diameter and pressure characteristics more consistent with a transmission pipeline than a distribution pipeline.

*(f) the number of points at which gas can or will be injected into the pipeline;*

As described above, gas is injected into the KKLP at a single point at the northern end of the Sydney to Newcastle pipeline.

*(g) the extent of the area served or to be served by the pipeline;*

The KKLP is designed to serve the Hunter Power project, rather than a broader area. The KKLP can and potentially injections back into the Jemena Newcastle trunk line.

*(h) the pipeline's linear or dendritic configuration;*

The KKLP is clearly a linear configuration – it does not evidence any sort of branching structure consistent with a dendritic configuration.

*(i) the type of pipeline licence or authorisation that has been obtained in respect of the pipeline under jurisdictional gas legislation.*

The jurisdictional licence did not classify the KKLP as either a transmission or distribution pipeline.

**29D(f) include any other information and materials on which the applicant relies in support of the application.**

APA Transmission notes that the KKLP serves a single large customer, rather than a large number of small customers as would be expected of a distribution pipeline.

APA Transmission submits this application for classification of the KKLP as required under NGL s117.

We would be pleased to discuss any aspect of this application with you. Please contact me in the first instance by phone at [REDACTED], or by email at [REDACTED],

Yours sincerely,

[REDACTED]

Senior Regulatory Manager