

Draft Decision

**APA Victorian Transmission System
(VTS)**

Access Arrangement 2023 to 2027
(1 January 2023 to 31 December 2027)

Attachment 1
**Services covered by the
access arrangement**

June 2022

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Amendment record

Version	Date	Pages
1	30 June 2022	7

Note

This attachment forms part of the AER’s draft decision on the access arrangement that will apply to APA’s Victorian Transmission System (VTS) for the 2023–27 access arrangement period. It should be read with all other parts of the draft decision.

The draft decision includes the following documents:

Overview

Attachment 1 – Services covered by the access arrangement

Attachment 2 – Capital base

Attachment 3 – Rate of return

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

Attachment 8 – Operating expenditure incentive mechanism

Attachment 9 – Reference tariff setting

Attachment 10 – Reference tariff variation mechanism

Attachment 11 – Non-tariff components

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1 Services covered by the access arrangement

The National Gas Rules (NGR) require a network service provider’s access arrangement to describe all of the pipeline services the network service provider can reasonably provide on the pipeline, having regard to the characteristics of different pipeline services, and of those to specify which will be provided as reference services.¹

1.1 Draft decision

Our draft decision is to approve APA’s proposed reference service, the Tariffed Transmission Service.

1.2 APA’s proposal

APA proposed provision of one pipeline service, and that this will be a reference service: the Tariffed Transmission Service.² The nature and definition of that service are unchanged since its reference service proposal in December 2020, and also unchanged from that provided in the current, 2018–22 access arrangement period.

1.3 Assessment approach

The NGR require a service provider to submit a reference service proposal to the AER 12 months in advance of the submission date for its access arrangement revisions proposal.³ We must complete our assessment of a reference service proposal no later than 6 months in advance of the due date for submission of the relevant access arrangement revisions proposal.⁴

In its access arrangement proposal, a service provider must then:

- describe all of the pipeline services that the service provider can reasonably provide on the pipeline, and
- specify the reference services,

which must be consistent with the AER’s reference service proposal decision unless there has been a material change in circumstances.⁵

Our assessment of a reference service proposal—in the initial approval stage and in this access arrangement decision—must have regard to the reference service factors:⁶

¹ NGR, r. 48(1)(c).

² APA VTS - Access Arrangement 2023-27 - MARKUP - December 2021, cl. 2.2; APA VTS - Access Arrangement 2023-27 - Information - December 2021, p. 24.

³ NGR, r. 47A(3).

⁴ NGR, r. 47A(9).

⁵ NGR, r. 48(1)(b), (c).

⁶ NGR, r. 47A(1)(c); 47A(13)(a); 47A(14). 47A(15).

- 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 for other pipeline services
- 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.

1.4 Reasons for draft decision

The Victorian Transmission System (VTS) operates under market carriage model, which provides for open access to the VTS and uses the outcomes from the operation of Victoria's Declared Wholesale Gas Market to schedule injections and withdrawals from the VTS. As the system operator of the VTS, the Australian Energy Market Operator (AEMO) is responsible for scheduling injections and withdrawals and the day-to-day operation of the pipeline.

APA makes the Tariffed Transmission Service for the VTS available to AEMO under a Service Envelope Agreement, in accordance with the National Gas Law.⁷ Shippers access the reference service through AEMO. They then pay transmission tariffs directly to APA as owner of the VTS.

APA submitted its reference service proposal in December 2020.⁸ We published our decision to approve that proposal in May 2021.⁹

The single reference service in APA's access arrangement proposal—its Tariffed Transmission Service—is consistent with that decision. No material change in circumstance that would warrant a change to that position has been identified.

For the reasons set out in our final decision on APA's reference service proposal¹⁰, our draft decision is therefore to accept this element of its access arrangement.

1.5 Revisions

We do not require APA to make any revisions to the reference service specified in its access arrangement proposal.

⁷ NGL, s. 91BE.

⁸ [APA VTS - Victorian Transmission System reference service proposal - December 2020](#)

⁹ [AER - APA Victorian Transmission System reference service decision 2023-27 - Final decision, May 2021](#)

¹⁰ [AER - APA Victorian Transmission System reference service decision 2023-27 - Final decision, May 2021](#), pp. 12-14.

A Shortened forms

Shortened form	Extended form
AER	Australian Energy Regulator
AEMO	Australian Energy Market Operator
APA / APA VTS	APA VTS Australia (Operations) Pty Ltd and APA VTS Australia (NSW) Pty Ltd
NGL	National Gas Law
NGR	National Gas Rules
VTS	Victorian Transmission System
