

Draft Decision

Roma to Brisbane Pipeline Access Arrangement 2022 to 2027

Attachment 1 Services covered by the access arrangement

November 2021

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Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

Tel: 1300 585 165

Email: AERInquiry@aer.gov.au

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Note

This attachment forms part of the AER's draft decision on the access arrangement that will apply to APT Petroleum Pipelines Pty Limited (APTPPL)'s Roma to Brisbane Pipeline (RBP) for the 2022–2027 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 – Efficiency carryover 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:

- identify the pipeline to which the access arrangement relates,¹
- 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,² and
- from the pipeline services identified above, specify the services the network service provider proposes to specify as reference services having regard to the reference service factors.³

1.1 Draft decision

Our draft decision is to accept APT Petroleum Pipelines Pty Limited (APTPPL)'s reference service proposal for the Roma to Brisbane Pipeline (RBP) for the 2022–27 access arrangement period (2022–27 period).

1.2 APTPPL's proposal

APTPPL's reference service proposal for the RBP is consistent with our November 2020 final decision on its reference service proposal, as submitted to us in June 2020.⁴ That is, that there will be two reference services offered for the RBP for the 2022–27 period:⁵

- eastbound firm transportation service
- westbound firm transportation service.

APTPPL also proposed that the rebateable services in the current RBP access arrangement be continued in the next access arrangement period. These services are:

- park and loan services (provided on either a firm or interruptible basis)
- in-pipe trading services
- capacity trading services.

This recognises concerns expressed in relation to these services and the difficulty in establishing them as reference services.

¹ NGR, r. 48(1)(a).

² NGR, r. 48(1)(b).

³ NGR, rr. 48(1)(c) and 47A(15).

⁴ AER, *Final decision, APT Petroleum Pipelines Pty Ltd (APTPPL) – Roma to Brisbane Pipeline gas transmission determination 2022 to 2027 – Reference services*, November 2020.

⁵ APTPPL, *Roma to Brisbane Pipeline 2022–27 Access arrangement, Overview*, July 2021, p. 6.

1.3 Assessment approach

APTPPL is required by the NGR to specify all reference services in its access arrangement proposal for the RBP.⁶ A reference service is a pipeline service specified as a reference service having regard to the reference service factors.⁷ A pipeline service is a:⁸

- service provided by means of a pipeline, including a:
 - haulage (i.e. transportation) service
 - service facilitating the interconnection of pipelines
- service ancillary to one of these services.

APTPPL's services for the RBP are also required to be consistent with the National Gas Objective (NGO).⁹

Our assessment approach is to identify the covered pipeline¹⁰ that is providing these services and any additions or expansions that have occurred during the current (2017–22) period.

A full access arrangement must specify the pipeline services APTPPL proposes as reference services for the RBP having regard to the reference service factors.¹¹

For ancillary services, we have considered the services APTPPL currently offers and the amendments it proposes to these services.

We have considered the views that stakeholders submitted regarding APTPPL's proposed reference service for the 2022–27 period.

For non-reference pipeline services or negotiated services, we are not required to set tariffs for these or the terms or conditions on which they will be provided.

In preparing its reference service proposal and in undertaking our assessment, the NGR require APTPPL and ourselves to have regard to the reference service factors specified in the NGR.¹² The factors include:¹³

- 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

⁶ NGR, r. 48(1)(c).

⁷ NGR, r. 47A(15).

⁸ NGL, Chapter 1-Preliminary, Part 1-Citation and interpretation, 2 Definitions.

⁹ NGR, r. 100(1)(a).

¹⁰ A covered pipeline means a pipeline that is regulated under the NGL and NGR. In that respect, it is 'covered by regulation.'

¹¹ NGR, r. 48(1)(c).

¹² NGR, rr. 47A(1)(c), 47A(13)(a) and 47A(14).

¹³ NGR, r. 47A(15).

- 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
- likely regulatory costs for all parties in specifying the pipeline service as a reference service.

1.3.1 Interrelationships

APTPL's reference services are the services we directly regulate by setting reference tariffs for those services. Services which are not reference services are not regulated in the same way. The sum of all reference tariffs, plus expected demand for those services reflects our assessment of the revenue required by APTPL to safely and reliably provide the reference services.

APTPL's reference tariffs are adjusted annually by the application of a weighted average price cap formula. Its reference tariffs are derived from the total revenue requirement after consideration of demand for each tariff category. This means the tariffs we determine (including the means of varying the tariffs from year to year) are the binding constraint across the 2022–27 period, rather than the total revenue requirement set out in our decision.

After the first year of the access arrangement period, APTPL's ancillary service prices for the RBP are set by application of the ancillary service tariff variation formula.

Our draft decision on:

- APTPL's total revenue requirement is set out in the Overview to this draft decision
- the tariffs APTPL will charge for the provision of these services is set out in Attachment 9, reference tariff setting
- the annual tariff variation mechanisms are set out in Attachment 10, reference tariff variation mechanism.

1.4 Reasons for draft decision

We have previously assessed and approved APTPL's reference service proposal for the RBP, submitted in June 2020. Our assessment incorporated a full stakeholder consultation process including publishing the RBP proposal and calling for submissions. Our decision took stakeholder views into account.

Our reasons for our draft decision to accept APTPL's reference service proposal are set out in our *Final Decision, APT Petroleum Pipelines Gas Determination 2022 to 2027, Reference Service*, published in November 2020.

A. Shortened forms

Shortened form	Extended form
ACCC	Australian Competition & Consumer Commission
AER	Australian Energy Regulator
APTPPL	APT Petroleum Pipelines Pty Limited
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
RBP	Roma to Brisbane Pipeline