



## Roma to Brisbane Access Arrangement 2012–17

### Queuing industry workshop meeting record

**This document is not a transcript. It is based on notes of the discussion taken by AER staff and is not a verbatim account. Given the nature of the document, not all comments made at the workshop are included**

#### 1.1.1 Background

The Australian Energy Regulator (AER) held an industry workshop on 12 January 2012 to discuss queuing requirements for the Roma to Brisbane Pipeline Gas Transmission System (RBP). More information, including the industry paper which was circulated prior to the workshop, can be found at <http://www.aer.gov.au/content/index.phtml/itemId/751874>.

#### 1.1.2 Attendees

The AER hosted the workshop in cooperation with the RBP service provider APT Petroleum Pipelines Pty Limited (APTPPL). The AER also engaged Frontier Economics to provide additional expert views at the workshop. Representatives from the following organisations attended:

- AGL
- Australian Power & Gas
- BP Australia
- Creative Energy Solutions
- Energy Users Association of Australia
- Incitec-Pivot
- Origin Energy
- Stanwell
- TRUenergy
- VisyPaper.

### **1.1.3 Topics discussed at the workshop**

#### **APTPPL's proposed auction based capacity allocation methodology (queuing requirements)**

- Bilateral negotiations
- Access disputes
- The level of detail in the queuing requirements, and how they will operate in practice
- Access to the reference tariff, including concerns about paying premiums for existing capacity
- Balancing the needs of large and small users
- Interaction of the proposed auction methodology with the Brisbane short term trading market
- Problems associated with allocating a scarce resource:
  - Is there a way that access to capacity can be improved
  - The upcoming period will be characterised by excess demand
  - The pipeline provides non homogenous services.

#### **The existing first-come-first-served queuing policy**

- The process of moving down the queue
- Necessary timeframes for negotiations
- The problem of non-genuine queue sitters
- Possible improvements to first-come-first-served queuing arrangements
  - Stricter criteria for staying in the queue
  - Criteria which improves the bona fide nature of capacity seekers
  - Commitment at Board level
  - Queue joining fees
  - Funding expansion feasibility studies.

## **Existing capacity versus developable capacity**

- Should the queuing requirements be different for each?
- Could there be a single queue since users normally seek existing capacity and when they cannot get that they fund developable capacity?
- How does demand for one capacity type, influence demand for the other

## **Existing capacity**

- Is auctioning the right approach?
- Will moving from first-come-first-served be an improvement? Pros and cons, versus the pros and cons of the current system

## **Developable capacity**

- Investment is needed for economies of scale. Ideally APTPPL could sweep together enough interest to reduce the unit costs of new capacity

## **Auctioning in general**

- Confidentiality - the market is too small for public bids to be truly anonymous
- Irrevocable bids
- Auctions versus negotiations
- Ranking bids based on their net present value
- Auction revenues
  - What should happen to the revenues? What is done with the revenues (for example rebating to users) will change bidding incentives
  - The possibility of using price floors and price ceilings
  - Multiple bidding rounds
  - A third party to conduct the auctions
  - Ensuring genuine bidding
  - Bidder incentives