

1 Queuing requirements

The following outlines the current views of AER staff on queuing requirements. This does not represent the final decision of the AER Board.

AER staff consider that APTPPL’s proposed revised queuing requirements are preferable to the first-come-first-served approach of the earlier access arrangement. However, AER staff are of the view alternatives exist which may better satisfy the NGL and the NGR, and may promote more efficient outcomes in accordance with the NGO and the revenue and pricing principles.¹

Table 1.1 outlines APTPPL’s proposed queuing requirements and AER staff’s alternatives.

Table 1.1 Outline of AER staff views on queuing requirements

Element	APTPPL revised proposal	AER staff alternative view
Existing capacity		
Cost to enter the queue	User pay a deposit of 10% of a year's capacity sought	Costless. Applications must be signed by the company CEO
Remaining in the queue	Users must notify APTPPL on a quarterly basis that they wish to remain in the queue	As in the earlier access arrangement— APTPPL may confirm with users quarterly that they wish to remain in the queue
Exiting the queue (when the user has not commenced negotiations with APTPPL)	A user loses all of the deposit	Costless
When capacity becomes available	APTPPL offers spare capacity to users in sequential order. After receiving the offer a user has 10 business days to notify APTPPL whether they are:	
	Exiting the queue, and forfeiting the entire deposit	Exiting the queue without penalty
	Where an offer is made which meets part of a user's request, a user may decline the offer as it does not meet their request, and remaining in the same position in the queue	
	Accepting the offer and requesting to enter negotiations	
Entering negotiations		A user has 20 business days (from when it received the offer) to pay a deposit of 5% of a year's capacity sought
		APTPPL and users will be required to negotiate in good faith
Successful negotiations	A user's deposit plus interest will be credited toward the amount payable under the user's transportation agreement	

¹ NGL, ss 23 and 24.

Element	APTPPL revised proposal	AER staff alternative view
Failed negotiations	A user loses all the deposit unless it lodges an access dispute	
Developable capacity		
Registrations of interest	Users may submit registrations of interest at any time, before or during the open season	
Order of priority	None	The order of priority for developable capacity is based on the order in which registrations of interest are submitted
Open season	When APTPPL determines that developable capacity may be made available it may hold an open season	
Negotiations	APTPPL will bilaterally negotiate with users	APTPPL may negotiate with multiple users in any order, provided that users of higher priority are not ultimately disadvantaged
		APTPPL and users and required to negotiate in good faith
Transitional arrangements		
Existing capacity	Users will be given a period of time to meet any new requirements	
		The existing capacity queue will be grandfathered and operate in accordance with the earlier access arrangement until after the period allowed for users to meet any new requirements
Developable capacity	The developable capacity queue will be grandfathered	

1.1.2 Existing capacity

AER staff consider that the proposed use of first-come-first-served and the use of a deposit meets the requirements of r. 103 of the NGR. This is because an order of priority is established, and users are likely to be treated on a fair and equal basis. However, AER staff are of the view that the following alternatives may be preferable to APTPPL's revised proposal, as they may be more likely to promote the efficient use of an investment in the pipeline.

- A non-refundable deposit to commence negotiations rather than APTPPL's requirement for a non-refundable deposit to enter the queue:
 - ensures non-genuine users drop out when capacity actually becomes available
 - fewer issues around refunds
 - significantly lower administration requirements
 - users will not lose their funds for extended periods of time.

- A deposit which is five per cent of a year's capacity sought rather than APTPPL's proposed 10 per cent—creates the appropriate incentive and may be less onerous for users.
- The option for APTPPL to confirm quarterly with users whether they wish to remain in the queue rather than APTPPL's proposal to require users to notify APTPPL quarterly—it is preferable for the service provider to have discretion in managing the queue.

Further, AER staff consider that the revised queuing requirements could also require:

- Applications to enter the queue must be signed off by their company CEO or equivalent—to discourage non-genuine users from queue sitting
- APTPPL and users to negotiate in good faith—to ensure parties act appropriately, given the deposit funds are now at risk.

1.1.3 Developable capacity

AER staff consider that APTPPL's proposed developable capacity queuing requirements may not satisfy r. 103 of the NGR as no order of priority would be established between users. However, AER staff accept that an open season approach is favourable to the first-come-first-served approach of the earlier access arrangement and is likely to promote more efficient operation, use of, and investment in, the pipeline.

AER staff are of the view the open season approach could be retained, but with an order of priority established based on the order in which registrations of interest are submitted. APTPPL could then hold an open season, and negotiate with multiple users in any order, as long as users with a higher priority are not ultimately disadvantaged.

1.1.4 Transitional arrangements

For existing capacity the transitional requirements would be different under AER staff's alternative:

- Where a user is not currently in negotiations the user must provide signoff from its company CEO or equivalent to remain in the queue.
- Where a user is currently in negotiations the user must provide the five per cent existing capacity queue deposit to continue negotiations.
- Where current negotiations are due to end during the transitional period users are not required to meet any new requirements.

For developable capacity AER staff consider that the developable capacity queue should be grandfathered.