



25 June 2012

Mr Warwick Anderson
General Manager, Network Regulation Branch
Australian Energy Regulator

Email rbp@aer.gov.au

Draft Decision — RBP Access Arrangement, 2012-2017

Dear Warwick,

AGL Energy Limited ("AGL") submits this response in relation to the AER's draft decision on the proposed Access Arrangement by APA for the Roma to Brisbane Pipeline ("RBP"). In so doing, we have also taken into consideration the revised suite of documents released by APA. AGL is both a shipper and an incumbent user (licensed retailer) in Queensland and therefore has a very keen interest in the outcome of this consultation.

Queuing policy

AGL is still a strong proponent of an auction or tendering mechanism to allocate spare capacity or rights, and this was clearly stated in our submission dated 19 December 2011 with respect to APA's initial proposal. The AER has elected not to approve the allocation of spare capacity by auction on grounds of inconsistency with the NGR and, as a result, APA is offering an enhanced queuing policy.

APA has proposed to strengthen some of the weaknesses associated with a first-in-best-dressed policy by invoking a non-refundable deposit. The rate proposed by APA is 10% of the current reference tariff applied to the capacity sought, on a 100% annual load factor. So, for a prospective user or an existing user who wishes to join the queue for when 5TJ of capacity becomes available, the deposit is an amount slightly in excess of \$100,000. I understand that it will be allocated towards the first year's charges if the user in the queue is successful in securing access.

AGL is very comfortable with this approach, notwithstanding that our preference is to see spare capacity auctioned (which is in keeping with the STTM hub in Brisbane, downstream of the RBP, that uses a clearing or auction process to arrive at a price for gas each day), and sees merit in the proposal in that it requires consideration in order to be granted a spot in the queue. We have no problems with the deposit being non-refundable and we regard the deposit being sought as not unreasonable.



Forecast gas load

AGL did raise the issue of the rather anomalous customer and load forecast provided in Chapter 4 of the initial Access Arrangement Information ("AAI"), where the total volume of gas falls by 4,776 TJ in 2016/17, a decline of some 6.6% on the volume expected in 2015/16. The rationale for this step-down was put by APA as a large customer coming off contract and no foreseeable take-up of the released capacity, given its location.

Table 4.1 of the revised AAI now has the shortfall in 2016/17 at 7,385TJ, a decline of 10.5% on the prior year. APA indicates it has provided information in relation to this to the AER and, on grounds of confidentiality, is not able to share this with other stakeholders. In view of APA's explanation, we would rely on the AER to make the appropriate call.

Should you require any further information in relation to this, please feel free to contact me on (03) 8633 6239.

Yours sincerely,

George Foley
Manager Gas Market Development