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APA
Group



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

1 May 2007

First Proposed Guidelines
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email

Dear Sir / Madam

AER First Proposed Guidelines

APA Group welcomes the opportunity to comment on the proposed guidelines and models relating to the PTRM, RAB roll-forward, benefits sharing, service targets and cost allocations, as released by the AER in January 2007.

The APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is an ASX-listed energy transmission company which owns the Murraylink and Directlink electricity transmission interconnectors, (as well as substantial gas infrastructure assets). The APA Group has acquired both of these electricity transmission assets within the previous fifteen months. These interconnectors are scheduled to undergo revenue determinations in 2013 and 2015 respectively.

In contrast to many of the other electricity transmission assets regulated by the AER Murraylink and Directlink are relatively small and straightforward assets. They are both:

- point to point transmission assets, rather than networks;
- substantially located underground, rather than aboveground
- relatively short distances (Murraylink is approximately 180 kilometres long, Directlink is approximately 50 kilometres long).

Because of the relatively small size and straightforward nature of these assets many of the requirements of the proposed modelling approaches and guidelines may be irrelevant or redundant.

For example the capital expenditure requirements of Murraylink and Directlink are minimal, as shown in their current revenue decisions. Thus capital expenditure information, as required by submission guidelines and various pro forma statements, may be redundant.

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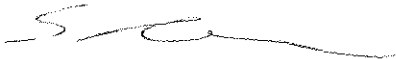
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While APA will conform with any final guidelines the AER should recognise that in relation to relatively minor assets, such as Murraylink and Directlink, guidelines primarily designed with larger and more complex assets in mind may place an unnecessary administrative and cost burden on smaller and more straightforward assets.

APA welcomes the opportunity to be involved in continuing consultation with the AER on these guidelines and future guidelines.

Yours faithfully



Stuart Ronan
Regulatory Manager

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