



Attention: Warwick Anderson
General Manager
Network Regulation
Australian Energy Regulator

via email: rbp@aer.gov.au

Dear Mr Anderson,

Re: Roma Brisbane Pipeline (RBP) Access Arrangement Proposal

Australian Power & Gas (**APG**) welcomes the opportunity to provide comment on the proposed Access Arrangement for the Roma to Brisbane Pipeline for the period 2012 to 2017.

APG has concerns on the proposed RBP Access Arrangement and has detailed these concerns in this submission. APG’s concerns relate to:

1. the increase in tariff and service fees; and
2. amendments to imbalances, variance and MHQ service limits.

Increase in Tariff and Service Fees

APG has concerns regarding the rationale for the substantial increase in tariff and service fees, particularly relating to the derivation of the projected revenue calculation. APG disagrees with the assumption that additional available capacity as a result of the end of a large contract will not be utilised by either that same party in the form of another contract, or that another party will not take up this capacity. Given the market landscape and the implementation of a carbon tax, APG believes gas usage will only increase and therefore the revenue for this load should be accounted for in the estimation of revenue and in turn tariff estimation.

APG is also concerned with the changes to the service fee calculations, with the fees proposed to be calculated based on capacity plus throughput. This is demonstrated in the table 1 below, and only seeks to further increase costs which, with the substantial increase in tariff, APG believes this should well cover off any increase required for these services. Further, APG questions the reasons for the more than doubling of the daily variance charge.

	Current Access Arrangement	Proposed Access Arrangement
Authorised Overrun Rate	120% of Capacity Tariff	120% of Capacity and Throughput Tariff
Unauthorised Overrun Rate	300% of Capacity Tariff	250% of Capacity and Throughput Tariff
Imbalance Rate	250% of Capacity Tariff	250% of Capacity and Throughput Tariff
Daily Variance Charge	120% of Capacity Tariff	250% of Capacity and Throughput Tariff

Table 1 – Comparison of Current and Proposed Access Arrangement Service Fees

In revenue achievable, APG is also seeking for the AER to consider that APA offers additional services on the RBP, such as intra-day nominations. Given the risk created by the implementation of the Short Term Trading Market in Queensland, this revenue should be considered as a service that APA is providing and included when determining the service fees.

Amendment to imbalances, variance and MHQ service limits

Imbalances, variance allowance and MHQ are all critical factors operationally for gas shippers. APA has proposed to amend the allowable limits as demonstrated in table 2 below.

	Current Access Arrangement	Proposed Access Arrangement
Imbalance Allowance	Not specified	±5% of the sum of the MDQ for all delivery points
Daily Variance Allowance	±10% of MDQ for the applicable delivery point or receipt point	±5% MDQ for the applicable delivery point or receipt point
MHQ	1.2 times MDQ/24	1.1 times MDQ/24

Table 2 – Comparison of Current and Proposed Access Arrangement Service Limits

These proposed amendments reduce flexibility for shippers in managing a gas portfolio and in turn further increases costs. APG is seeking justification for the changes in service limits.

Should you have any questions regarding APG’s submission, please do not hesitate to contact me on 03 8621 3702.

Regards,

Shelley Reed

Shelley Reed
General Manager Wholesale Gas and Carbon