



APT Petroleum Pipelines Limited
ABN 39 009 737 393

11 May 2006

Ms Patricia Pascuzzo
Director
Australian Competition and Consumer Commission
Level 7, Angel Place
123 Pitt Street
Sydney NSW 2001

Dear Ms Pascuzzo

**Roma Brisbane Pipeline Access Arrangement
Further Information**

The documents e-mailed to the Commission on 7 April 2006 titled "060407 Response to ACCC 2 march and 24 march requests" require clarifications and corrections

The information to which these clarifications and corrections are to be made was identified as confidential. This document is also confidential.

These changes are outlined below.

1. Interstate RBP Pty Limited Purchase Price

[Confidential]

2. Overstatement of overrun, balancing charges etc

The data in Attachment 6 of the document relating to charges relating overruns, balancing, variance charges etc showed all the charges billed, however some of these charges were subsequently waived. In particular a large imbalance charge in 2002-3 was waived. The imbalance arose as [Confidential]

could not use the gas being injected due to a technical problem at its [Confidential]. The imbalance charge was raised but subsequently waived.

Attachment 1 of this document provides an updated and correct version of Attachment 6.

3. Overstatement of charges to [Confidential]

The data in Attachment 8 included double counting of billings to [Confidential] and [Confidential] in 2001-2 and 2002-3. This was due to a processing error in compiling these figures.

Attachment 2 of this document provides an updated and correct version of Attachment 8.

4. Insurances

On page 36 of the document "060407 Response to ACCC 2 march and 24 march requests" APTPPL indicated it would provide a summary of its current insurances indicating what was covered.

Attachment 3 of this document provides further information on APTPPL's insurances, including insurance limits

5. Queuing Policy

The Commission has sought clarification relating to clause 6.1 of the 2002 Access Arrangement. This clarification is provided in Attachment 4 of this document.

Yours sincerely

Stuart Ronan
Regulatory Manager
02 9693 0038

Attachment 1

[Confidential]

Attachment 2

[Confidential]

[Confidential]

[Confidential]

[Confidential]

[Confidential]

Attachment 3 – APT Insurances

The table below lists insurances for APT (including APTPPL).

APT self-insures for

- all risks not covered by the insurance policies (including statutory penalties/liabilities, contractual liabilities arising other than from physical damage to assets)
- sums less than the claim deductible per occurrence (for example APT self insures for claims of less than [Confidential] for business interruption for APT and third parties)
- sums greater than the sum insured.

Some items identified as being self-insured may be partially covered by some policies (eg computer crime or breakdown leading to business interruption may be covered for losses above [Confidential]).

The cost of self - insured risk of \$80,000 proposed by APTPPL for the RBP is reasonable given the policies clearly do not address all risks faced by APT in the conduct of its business.

POLICY	SUM INSURED	CLAIM DEDUCTIBLE PER OCCURRENCE
	\$	\$
Material Damage and Business Interruption incl. APT	[Confidential]	[Confidential]
General Liability incl. APT	[Confidential]	[Confidential]
Directors and Officers Liability	[Confidential]	[Confidential]
Offerings	[Confidential]	[Confidential]
Workers Compensation NSW SA VIC QLD NT WA ACT	Statutory Limits Statutory Limits Statutory Limits Statutory Limits Statutory Limits Statutory Limits Statutory Limits	[Confidential]
Motor Vehicle (Group) Comprehensive (NT Gas) Comprehensive (WA)	Market/10M Market/10M Market/10M	[Confidential]
Motor Vehicle (CTP) (NSW)	Act	[Confidential]
Contingency	[Confidential]	[Confidential]
Corporate Travel	[Confidential]	[Confidential]
Expatriate Cover	Unlimited Gen/Med	[Confidential]

	Unlimited Hospital 75% Other Med	
Marine Contingencies	[Confidential]	[Confidential]
Non-owned Aircraft	[Confidential]	[Confidential]

Attachment 4 - Clause 6.1 of the 2002 Access Arrangement

Clause 6.1 of the 2002 Access Arrangement (Queuing Policy) states

- *Where there is insufficient capacity to satisfy a Request¹, a queue will be formed.*
- *A queue will include all relevant Requests which cannot be satisfied. Where an offer has been made in response to a Request received prior to formation of the queue, that Request will take first position in the queue.*
- *At the time a Request is placed in a new or existing queue, the Service Provider will advise the Prospective User of:*
 - (a) its position on the queue;*
 - (b) the aggregate capacity sought under Requests which are ahead on the queue;*
 - (c) its estimate of when capacity may become available; and*
 - (d) the size of any surcharge that may apply to Developable Capacity.*
- *When the position of a Request changes relative to other Requests which are ahead in the queue (such as where a Request ceases to be on the queue) or where the timing of availability of a new tranche of Developable Capacity changes, the Service Provider will provide revised information to the Prospective User.*

Clause 6.1(e) of the proposed revised Access Arrangement submitted in January 2006 states:

At the time a Request is placed in a new or existing queue, APTPPL will advise the Prospective User of:

- (i) its position on the queue;*
- (ii) the aggregate capacity sought under Requests which are ahead on the queue;*
- (iii) its estimate of when capacity may become available; and*
- (iv) whether investigations are required to determine whether capacity is or can be made available (“**Investigations**”)².*

Paragraph 6.1(e)(iv) must be read in conjunction with clause 6.4 and 6.5 which provide for APTPPL to provide a proposal to Prospective Users – the proposal containing the terms and conditions (including price) on which capacity is being offered.

¹ See section 1.3 [of 2002 Access Arrangement]

APTPPL understands the Commission is seeking an explanation for the difference between paragraph (d) in the approved 2002 Access Arrangement, and paragraph 6.1(e) (iv) in the proposed revised Access Arrangement.

Fundamentally, the change recognises that there may be circumstances where investigations are required before APTPPL is able to advise a Prospective User whether capacity is available and the terms on which capacity is offered. The change replaces an obligation to advise the proposed tariff, including whether there is any surcharge applicable, with an obligation to advise whether investigations are required and to then either:

- (a) make an offer to Prospective Users (which would include details of the proposed tariff) (clause 6.4); or
- (b) undertake investigations and then make an offer of service to Prospective Users. This offer would be made to Prospective Users under either clause 6.4 or clause 6.5, depending on whether the Investigations identified that investment is required to make the capacity available.