



18 July 2012

Mr Warwick Anderson
General Manager
Network Regulation Branch
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Submitted by email: rbp@aer.gov.au

Dear Mr Anderson

APT PETROLEUM PIPELINES LIMITED 2012-17 ACCESS ARRANGEMENT PROPOSAL FOR THE ROMA TO BRISBANE PIPELINE - QUEUING REQUIREMENTS

Origin Energy Limited (Origin) welcomes the opportunity to comment on the Australian Energy Regulator's (AER's) paper on the queuing requirements for the Roma to Brisbane Pipeline.

Origin agrees with the AER's view that no deposit should be required to enter the queue for existing capacity. However, the requirement states that any request to join the queue needs to be signed by the "Prospective User's company CEO (or equivalent)". Companies often have delegated authority arrangements that allow senior management other than the CEO to commit funds and sign contracts. It is not clear that "or equivalent" recognises these arrangements. As such, we recommend amending the wording of this requirement to make explicit that a request to join the queue can be made by someone with the appropriate delegation to do so.

Origin also broadly agrees with the AER's view that once a user has entered into negotiations for existing capacity, it should pay a deposit of either five per cent or two per cent depending on whether the capacity will be available within two years or in more than two years. However, we do not understand the rationale for requiring a further three per cent deposit once a user's capacity falls within the two year threshold. Any concerns regarding disingenuous user behaviour are negated by the need to pay a deposit and conduct negotiations in good faith. If a deposit has been paid, and particularly in the case where a user has signed a binding agreement for the capacity, then requiring a further deposit represents an additional and unnecessary administrative cost. Origin considers this cost outweighs any perceived benefit that this requirement is intended to generate.

Finally, our preference is for users to receive their deposit (plus interest) once they sign a binding agreement with APT Petroleum Pipelines Limited (APTPPL). A binding agreement outlines the conditions and penalties if a user were to renege on its contractual obligations. These conditions and penalties provide comparable incentives to dissuade bad user behaviour and subsequently, remove the need for APTPPL to continue to hold onto the deposit. That being said, if the costs of administering the deposit refund exceed the benefit to users, then Origin agrees that, at the very least, the deposit (plus interest) should be credited towards the amount payable under a Transportation Agreement.

Should you have any questions or wish to discuss this information further, please contact Hannah Heath (Manager, Regulatory Policy) on (02) 9503 5500 or hannah.heath@originenergy.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Phil Moody', with a large, stylized flourish at the end.

Phil Moody
Group Manager - Commercial, Analysis and Risk Services
Energy Risk Management