

**Roma to Brisbane
Roundtable
Tuesday 5 September 2006
ACCC Brisbane Office**

Attendees:

Daniel Gosewisch (DG)	Arrow Energy
Simon Hassler (SH)	Santos
Craig Langford (CL)	Santos
Clem Hodda (CH)	Queensland Gas Company
Robert Timmons (RT)	Origin Energy
Ken Moyle (KM)	Orica
Patrick Whish-Wilson (PW)	Energex
Sandra Deane (SD)	Energex
Stuart Ronan (SR)	APT
Rod Johannessen (RJ)	APT
Kelvin Askew (KA)	ERM Group
John Burrows (JW)	
Mike Buckley (MB)	ACCC/AER
Pradeep Fernando (PF)	ACCC/AER
John Bastick (JB)	ACCC/AER
Michael Walsh (MW)	ACCC/AER
Robert Millar (RM)	ACCC/AER

1. Introduction

MB: Welcomed the participants to the roundtable. The purpose of the roundtable is to provide a forum to discuss the ACCC draft decision on the Roma to Brisbane pipeline access arrangement.

2. Draft decision overview

MB provided an overview of the key issues considered in the draft decision assessment and the ACCC's proposed decisions.

3. General discussion

CL: Asked whether the queuing and trading policies only apply to the firm forward haul reference service.

MB: While the trading and queuing policies do not specifically exclude negotiated services, the intention is to facilitate access to the reference service in the first instance.

SR: Responding to MB's presentation on the draft decision, SR indicated that it was an accurate summary of the ACCC's draft decision. He noted that while APT disagreed with some elements of the draft decision - for example, the ACCC's assumptions used in its NPV DORC calculation, it generally agreed in principle with

60 – 70% of the non-tariff elements of the draft decision (subject to minor modifications in a few instances).

He indicated that the queuing policy would give priority to the reference service over a non-reference service and that APT has no major issues with the ACCC's queuing policy amendments, including one queue for existing capacity and a second queue for developable capacity.

MB: Agreed that the reference service will have priority over non-reference services.

CL: Inquired as to the process for APT to respond the ACCC's draft decision

MB: APT is expected to respond to the draft decision by 25 September 2006. The ACCC will consider APT's response as well as submissions from interested parties before issuing its final decision in the fourth quarter of 2006. If APT and ACCC are unable to reach agreement, the ACCC can issue a further final decision – and, if necessary, approve its own access arrangement.

CH: Inquired as to the capacity of the optimised replacement cost (ORC) pipeline.

SR and RJ: Indicated that it would depend on the load factor used, the inlet capacity for individual pipeline sections, and whether steady state or transient modelling is used. It was noted that the 236TJ pipeline is the notional capacity used in the NPV DORC calculation not the physical pipeline. While not willing to commit to a specific figure for the physical pipeline, the pipeline could be described as having a range of approximately 180 - 200 TJ/day.

RT: Given that it is quite a significant range, RT inquired as to whether it would be feasible to document specific sections of the pipeline in relation to the capacity associated with specific inlet points. Such an exercise would benefit coal seam methane producers in relation to planning where to inject gas.

RJ: Indicated that APT would be willing to consider mapping capacity at various inlet points, subject to operational and commercial considerations.

MB: Stated that as the pipeline is at near capacity, there is not much scope under the current configuration to provide additional capacity for the reference service, but that there might be capacity for non-reference services.

CH: The metropolitan section is constrained which suggests the possibility of achieving higher capacities upstream.

RJ: While the question is not easily addressed, RJ did indicate that additional infrastructure upstream would be required to achieve a higher capacity pipeline.

SR: Responding to inquiries regarding the flexibility to vary individual delivery and receipt point MDQ, SR indicated that in response to the roundtable and in negotiations with ACCC, an amendment in the draft decision allowing such flexibility has been agreed so long as the total daily delivery MDQ matches the total daily receipt MDQ.

MB: Flexibility with regard to delivery and receipt points will become more relevant as existing contracts expire.

KA: Inquired as to the process the ACCC used to determine that backhaul should be provided as a negotiated service.

MB: Indicated that establishing demand for backhaul is problematic as it requires matching the needs of counterparties at particular times. Reasonable certainty of forecast demand and costs for a service are needed to calculate a reference tariff. The ACCC considered that because APT will retain all revenue from negotiated services over the next access arrangement period, it will provide the best incentive for it to develop additional services.

The dispute mechanisms under the code are available in the event that parties are unable to agree to terms with the service provider for the supply of services. In circumstances where it is technically feasible to supply the services the arbitrator could establish tariff terms by applying the provisions of the code.

CL: Queried the 5 year length of the access arrangement period - the supply situation could change dramatically over the next few years.

MB: The ACCC took this uncertainty and the length of the access arrangement period into account in accepting APT's proposal that future expansions not be included in the calculation of the reference tariff.

PW: Queried as to how the expansions will be assessed in the capital base going forward.

MW: Outlined the new facilities investment (NFI) provisions of the code. Essentially, if NFI is undertaken (to expand the pipeline) during the access arrangement period, it will be assessed by the regulator at the next revisions process to ascertain whether it meets the requirements of the code. If it is determined that the NFI meets the code requirements (which includes assessments of factors such as prudence, and economic feasibility and safety), it can be rolled into the capital base at the start of the next period.

4. Summing up – the final decision process

MB: Briefly summarised and outlined the steps to the finalisation of the assessment process and thanked the participants for contributing to the roundtable. The deadline for submissions is 25 September 2006.