

From: Noutso, Con [Con.Noutso@truenergy.com.au]
Sent: Friday, 27 July 2012 9:48 AM
To: Sastro, Anne
Cc: Anderson, Warwick; Skinner, John
Subject: FW: TRUenergy submission on revised access arrangement dated May 2012 25 Julydocx
Attachments: TRUenergy submission on revised access arrangement dated May 2012 25 Julydocx.pdf

Anne

I attach a copy of to the our submission to the RBP queuing policy following the recent telephone hook up with the AER.

Whilst we are generally supportive of the changes to the RBP Queuing policy proposed by the AER, we would like to see an additional element added to Developable capacity. That is, that there is a clear obligation for Developable capacity on the RBP to be justified against the reference tariff.

I can confirm that you have permission to put this submission on your web site.

I apologise for any inconvenience for this submission being late.

Regards

Con Noutso

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16 July, 2012

Warwick Anderson
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Re: Feedback on the APTPPL Revised Access Arrangement Proposal dated 25 May 2012

A: Introduction

TRUenergy welcomes the opportunity to comment on the APT Petroleum Pipelines Pty Limited (APTPPL's) Revised Access Arrangement (AA) Proposal for the Roma to Brisbane Pipeline (RBP) dated 25 May 2012.

APTPPL proposed an auction based queuing policy on the RBP in its AA submission on October 12, 2012. In response to this proposal, we supported the auction based queuing system arguing it would allocate capacity in a more efficient manner compared with the first-come-first-served approach.

On April 30, 2012 the Australian Energy Regulator (AER) rejected the auction based queuing policy in its Draft-decision on the basis that it was inconsistent with the National Gas Rules (NGR).

Since then, APTPPL has put forward an alternative queuing policy for the RBP. We understand that the AER is generally supportive of their alternative queuing policy. However, some AER staff consider that other alternatives exist which may better satisfy the National Gas Rules (NGR).

B: Queuing Policy

TRUenergy has considered APTPPL's revised queuing policy together with the AER's proposed revisions. Below, we provide input on both the:

- "Existing" queue
- "Developable" queue.

Existing capacity

Element	AER revised proposal	TRUenergy position
Cost to enter the queue	Costless. Applications to be signed by the CEO.	Agree
Remaining in the queue	APTPPL to confirm with users quarterly that they wish to remain in the queue	Agree
Exiting the queue (when the user has not commenced negotiations with APTPPL).	Costless	Agreed
When capacity becomes available	APTPPL offers spare capacity to users in sequential order. After receiving the offer a user has 10 business days to notify APTPPL whether they are: <ul style="list-style-type: none">• Exiting the queue without penalty• Accept the offer and request to enter to enter negotiations	Agreed
Entering negotiations	APTPPL will notify the user that it is required to pay one of the following relevant deposits: <ul style="list-style-type: none">• If the capacity is available more than two years after the offer – deposit of 2% of a year's contract• If the capacity is available two years or less after the offer – deposit of 5% of a years capacity sought• a user has paid the 2% deposit above, time passes and the capacity will now be offered two years or less after the original offer – further deposit of 3% of a year's capacity sought	Agreed
Successful negotiations	A user has 20 business days to pay the relevant deposit, after it accepts an offer and form when it receives notification to pay. This period may be extended by APTPPL.	Agreed
Failed negotiations	A user loses all the deposit unless it lodged an access dispute	Agreed

Developable capacity

Element	AER revised proposal	TRUenergy position
Registration of interest	Users may submit registrations of interests at any time, before or during the open season	Agreed
Order of priority	The order of priority for developable capacity is based on the order in which registrations of interests are submitted	Agreed
Open season	When APTPPL determines that developable capacity may be made available it may hold an open season	Agreed
Negotiations	APTPL may negotiate with multiple users in any order, provided that users of higher priority are not ultimately disadvantaged APTPL and users are required to negotiate in good faith	Agreed

C: Conclusion

TRUenergy is generally supportive of the changes to APTPPL's revised queuing policy proposed by the AER. However, we would support the following changes to the queuing policy including:

1. the requirement for existing users on the RBP to inform the market that they intend to extend their contracts for capacity three years before they expire
2. the obligation that tariffs for developable capacity be justified against the reference tariff.

The AER has previously expressed the view that the reference tariff has a significant role for negotiating access to the pipeline services. In fact, in its Draft – decision, it argues that the reference service provides the basis for negotiating access to pipeline services and where a dispute arises, reference terms may be effectively be enforced through arbitration.¹

We thank the AER for the opportunity to make this submission in response to APTPPL's revised queuing policy. We would welcome the opportunity to discuss these issues with you further. For any enquiries in relation to this submission, please feel free to contact Mr. Con Noutso - Regulatory Manager at TRUenergy on Tel: 03 8628 1240.

Regards

Signed for email

¹ AER Draft decision Roma to Brisbane Pipeline 2012-13 to 2016-17 April 2012 p.83

“ As the RBP is currently fully contracted, the reference service and reference terms of access will only apply to the allocation of spare capacity as it becomes available (for example, when a contract expires or is terminated). However, the reference service, reference tariff and other reference terms of access for the covered gas transmission pipeline still have a significant role in the regulatory system established under the NGL and NGR. They provide a reference basis for negotiating access to pipelines services and if there is an access dispute, reference services may effectively be enforced through arbitration.”

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