

Attention: Energy, infrastructure writers

FINAL DECISION ON DAWSON VALLEY PIPELINE ACCESS ARRANGEMENT

The Australian Competition and Consumer Commission today issued its final decision on the Dawson Valley pipeline access arrangement.

The Dawson Valley pipeline is a small pipeline that transports coal seam methane from fields in the Dawson Valley in central Queensland to the Wallumbilla to Gladstone via Rockhampton pipeline.

"Anglo Coal submitted its proposed access arrangement to the ACCC in February 2007 after the Minister for Industry, Tourism and Resources decided that the Dawson Valley pipeline should be regulated under the gas code," Australian Energy Regulator* Chairman, Mr Steve Edwell, said.

"When the ACCC issued its draft decision in May 2007, it expressed concern that Anglo Coal had overstated its non-capital costs, and that this resulted in a tariff level that might deter development of competing coal seam methane fields in the Dawson Valley.

"Anglo Coal has addressed this concern and has submitted a revised access arrangement which the ACCC considers complies with the requirements of the gas code," Mr Edwell said. "The ACCC's final decision is to approve the revised access arrangement as proposed by Anglo Coal.

"The initial reference tariff will be \$0.329/GJ, a reduction from \$0.406/GJ which was originally proposed by Anglo Coal.

"The access arrangement sets out the terms and conditions on which Anglo Coal will make third party access available. While only its owners, Anglo Coal and Mitsui, currently ship gas on this pipeline, other coal seam methane producers may in future seek access."

The final decision will be available on the AER website, www.aer.gov.au.

Media inquiries

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BACKGROUND

On 5 February 2007 Anglo Coal (Dawson) Limited, Anglo Coal (Dawson Management) Pty Ltd and Mitsui Moura Investment Pty Ltd submitted a proposed access arrangement for the Dawson Valley Pipeline (DVP) to the ACCC for approval under the *National Third Party Access Code for Natural Gas Pipeline Systems* (code).

The DVP became a covered pipeline when the code came into effect in Queensland in 2000. However, no access arrangement had been approved when coverage was revoked later that year. On 10 May 2006 the Minister for Industry, Tourism and Resources determined that the DVP should again be a covered pipeline. The current approval process by the ACCC is the first assessment of an access arrangement for the DVP.

The DVP was constructed in 1996 and transports gas 47 km from coal seam methane (CSM) gas fields in the Dawson Valley in central Queensland to the Wallumbilla to Gladstone via Rockhampton Pipeline (Queensland Gas Pipeline). The pipeline is six inches in diameter and currently has a nominal maximum capacity of 30 TJ/day (approximately 11 PJ per year).

The Dawson Joint Venture owns the DVP and the associated CSM fields and is currently the only user of the pipeline. Until recently the Lowell-Helm Joint Venture, which owned the nearby Mungi gas field and the surrounding exploration permits, was also a user of the pipeline. This gas is now sold to the Dawson Joint Venture.

*The ACCC was assisted in this review by the Australian Energy Regulator, a constituent part of the ACCC. The AER is expected to assume full responsibility for reviewing and assessing gas transmission and distribution functions under the gas code in 2008.