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# Regulatory issues

## Draft decisions on Carpentaria and Roma to Brisbane gas pipelines

On 15 August 2001 the Commission released two draft decisions on access arrangements proposed for:

- the Wallumbilla to Brisbane pipeline (commonly known as the Roma to Brisbane pipeline); and
- the Ballera to Mount Isa pipeline (commonly known as the Carpentaria gas pipeline).

The Commission is significantly restricted in its assessment of these access arrangements by legislative exemptions in the Queensland Gas Pipelines Access Law. Principally, it is prohibited from reviewing the reference tariffs, reference tariff policies and review periods for these access arrangements.

### Roma to Brisbane pipeline

The Roma to Brisbane pipeline (RBP) transports gas from the gas hub at Wallumbilla, near Roma, south-eastern Queensland to markets along the pipeline route and in Brisbane. The Australian Pipeline Trust (APT) owns and operates the RBP.

In the case of the RBP, there was some uncertainty about whether the derogation from the national code exempted tariffs for expanded capacity (greater than 101TJ/day). There was a view that the Commission would be restricted from assessing reference tariffs for capacity up to 101TJ/day, but beyond 101TJ/day the Commission would be able to determine reference tariffs following the normal process under the National Gas Code. However, the Commission has received legal advice that the wording of the derogation has the effect of preventing the Commission from determining any reference tariffs for either this pipeline, or the Carpentaria gas pipeline, until their revisions' commencement dates.

### Carpentaria gas pipeline

The Carpentaria gas pipeline (CGP) transports gas from the fields in Ballera in south-west Queensland to Mount Isa in north-west Queensland. It was constructed in 1998 through a then AGL subsidiary, Roverton, and is now owned by the Carpentaria Gas Pipeline Joint Venture (CGPJV), of which the APT is a member.

### Review dates

The review dates are determined in the derogations. For the RBP the revisions' commencement date is 29 July 2006. For the CGP, it is 1 May 2023.

### Amendments

As a result of the derogations, in these draft decisions the Commission was only able to assess the non-tariff elements of the proposed access arrangements and has proposed a number of amendments.

The terms and conditions proposed for both the RBP and CGP access arrangements were similar, hence there are proposed amendments common to both. The main ones are set out below.

APT and CGPJV proposed that they will provide services on the terms and conditions set out in the standard access agreement for the service from time to time. The Commission proposed to remove the potential for the service providers to change the non-tariff terms and conditions of access without consultation by changing the standard access agreement.

Some interested parties have requested that APT and CGPJV specify the 'reasonable commercial and technical grounds' on which they would withhold consent to a transfer (other than a 'bare transfer') of contracted quantity to another user. However, APT's and CGPJV's proposals mirror the provisions of the code. While the Commission cannot mandate that APT and CGPJV amend their access arrangements to specify objective criteria defining 'reasonable commercial and

technical grounds', the Commission encourages the service providers to do so.

One provision of APT's and CGPJV's queuing policies is that a prospective user in a queue must demonstrate that it will have access to a supply of gas at the time it is anticipated for that access to the service will be offered. The need to demonstrate sufficient gas supplies as currently worded is likely to force prospective users to reveal commercially sensitive information. The Commission proposed that written confirmation from a prospective user that it has sufficient gas supplies available should be sufficient for the service provider. This would ensure that prospective users should not be required to unnecessarily reveal any commercially sensitive information.

The Commission proposed the following amendments to APT's and CGPJV's extension and expansion policies.

- APT and CGPJV should seek the consent of the Commission before including any extensions as part of the covered pipeline.
- APT and CGPJV should specify how an extension which is to be treated as part of the covered pipeline will affect reference tariffs.
- APT and CGPJV should seek the consent of the Commission before excluding or including an expansion beyond 101TJ/day and 175TJ/day respectively, as part of the covered pipeline. This amendment acknowledges the potential for market power when capacity is full and the opportunity for monopoly rents to be extracted if the expansion is unregulated.

The Commission's draft decisions are subject to further public consultation before the release of final decisions. Submissions from interested parties were requested by 21 September 2001. Copies of the draft decisions are available from the Commission's website at <<http://www.accc.gov.au>> under Gas.

## Airport taxi fees are in price cap

The Full Federal Court in Canberra confirmed that taxi fees at Canberra Airport are covered by the price cap on aeronautical services.

Last year Canberra Airport introduced a \$2 fee on taxis picking up passengers from the terminal kerb. Taxi fees have also been introduced at Melbourne, Perth and Brisbane airports. Canberra Airport challenged the Commission's finding that the fee is within the aeronautical price cap. In March 2001 Justice Gyles found that the taxi fee is within the price cap as it is a fee for the use of landside roads. The Full Court's unanimous decision confirmed that.

The decision means the Commission is correct to include the proceeds of the taxi charge when assessing Canberra Airport's compliance with the price cap. This decision is also relevant to taxi charges at other privatised airports, including the charge recently introduced by Melbourne airport.

