NATIONAL COMPETITION COUNCIL

APLNG no-coverage application

Application for a 15-year no-coverage determination for the proposed APLNG Pipeline

Recommendation to relevant Minister

17 July 2012

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Abbreviations, defined terms and glossary

ABARE	Australian Bureau of Agricultural and Resource Economics
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
AEMO	Australian Energy Market Operator
APLNG	Australia Pacific LNG Pty Limited
APLNG Hub	The junction of APLNG Pipeline with the Condabri and Woleebee lateral pipelines east of Wandoan in Queensland.
APLNG Pipeline	The proposed gas pipeline, described in paras 2.2 and 3.1-3.2 of this report, to be owned and operated by the Applicant and the subject of the Application.
APLNG Project	APLNG's proposed development of an integrated CSG to LNG project in Queensland involving further development of its existing CSG fields in the Surat Basin, construction and operation of the APLNG Pipeline and development of an LNG processing facility on Curtis Island.
Applicant	Australia Pacific LNG Gladstone Pipeline Pty Limited
Application	The application under s 151 of the NGL by the Applicant for a 15-year no-coverage determination for the APLNG Pipeline, received by the Council 2 May 2012.
Arrow Energy	Arrow Energy Limited
Blue Energy	Blue Energy Limited
Bowen Basin	A geological basin in eastern Queensland, the southern half of which is covered by the Surat Basin.
Carpentaria Gas Pipeline	The gas transmission pipeline from running from Ballera to Mt Isa, operated by APA Group.
CCA	*Competition and Consumer Act 2010* (Cth)
ConocoPhillips	ConocoPhillips Australia Pacific LNG Pty Ltd
conventional natural gas	Gas (mostly methane) trapped in rock reservoirs, having migrated from the source rock.
Council	National Competition Council

CQP	Central Queensland Pipeline (proposed by Arrow Energy and AGL Energy, Moranbah to Gladstone)
criterion (a)	Section 15(a) of the NGL
criterion (b)	Section 15(b) of the NGL
criterion (c)	Section 15(c) of the NGL
criterion (d)	Section 15(d) of the NGL
CSG	coal seam gas: gas (mostly methane), still held within the source rock (ie adsorbed within the coal matrix).
domestic sales market	The market for the sale of gas centred on the area of Gladstone, Rockhampton and Wide Bay in Queensland.
FID	Final investment decision
Full Court	Full Court of the Federal Court of Australia
gas production market	The upstream gas production market within the scope of feasible interconnection with the APLNG Pipeline.
GLNG Project	The proposal by Santos, PETRONAS, Total and KOGAS to develop gas fields in the Bowen and Surat basins and transport gas via a 420 kilometre underground pipeline to an LNG plant on Curtis Island.
global LNG market	The downstream global (export) market for LNG.
Hunter Gas Pipeline	Gas transmission pipeline proposed by Hunter Gas Pipeline Pty Ltd, from Wallumbilla in Queensland to Newcastle in New South Wales.
Jemena	Jemena Limited
LNG	liquefied natural gas
National Gas Objective	Section 23 of the NGL
NGL	National Gas Law, which is set out in the Schedule to the *National Gas (South Australia) Act 2008* (SA) and applied as a law of South Australia by that Act and as a law of other States and Territories by an application Act in each jurisdiction.
NGR	*National Gas Rules 2008*, promulgated as subordinate legislation to, the NGL
Origin Energy	Origin Energy Limited

QCLNG	Queensland Curtis LNG, the QGC project for the development of CSG in the Surat Basin for domestic and export markets
QCLNG Pipeline	The proposed QCLNG pipeline system from the Surat Basin to Curtis Island which was the subject of the QCLNG Recommendation.
QCLNG Recommendation	The Council's May 2010 final recommendation, *No coverage determination for the proposed QCLNG Pipeline, Application for a 15 year no coverage determination for the proposed QCLNG Pipeline*
QGC	QGC Pty Ltd, a BG Group plc business
QGP	Queensland Gas Pipeline (Roma (Wallumbilla) via Gladstone to Rockhampton) operated by Jemena
Queensland-South Australia-New South Wales Link	Queensland to South Australia/New South Wales pipeline link operated by Epic Energy Pty Ltd
RBP	Roma to Brisbane Pipeline operated by APA Group
relevant Minister	Commonwealth Minister for Resources and Energy the Hon. Martin Ferguson AM MP
Santos	Santos Limited
Sinopec	Sinopec Australia Pacific LNG Pty Limited, 100% owned by Sinopec Group
Surat Basin	A 27 000 km^2 area of the Great Artesian Basin in Queensland and northern New South Wales.
SWQP	South West Queensland Pipeline (Wallumbilla to Ballera) operated by Epic Energy Pty Ltd
standard consultative procedure	Procedure set out in rule 8 of the NGR, which the Council is required (by NGR rule 123) to apply in its consideration of a 15-year no-coverage determination.
TriStar	TriStar Petroleum Company
Wide Bay Pipeline	Gas pipeline, operated by APA Asset Management (on behalf of Envestra Ltd), starting at Gladstone and supplying Bundaberg, Maryborough and Hervey Bay.

Units of measurement

MPa	mega Pascal (pressure); 1 000 000 Pascals, approximately 9.87 standard atmospheres
Mtpa	million tonnes per annum (rate of mass); 1 Mt of LNG equates to 55 430 TJ or 1.48 million cubic metres
PJ	petajoule (energy); 1PJ is 1 quadrillion (10^{15}) joules or 1000 TJ
PJ/a	petajoule per annum (rate of energy); 1 PJ/a equates to 2.74 TJ/d
TJ	terajoule (energy); 1 trillion (10^{12}) joules or 0.001 PJ
TJ/day	terajoule per day (rate of energy); 1 TJ/day equates to 0.365 PJ/a

Conversion sources: www.santos.com/conversion-calculator.aspx
www.convertunits.com/from/pascal/to/atmosphere+[standard]

1 Summary of pipeline classification decision and recommendation

Pipeline classification

1.1 The Council has decided that the APLNG Pipeline is a transmission pipeline. The Council's reasons for its initial classification decision are set out in section 4 of this report.

1.2 As the Council has decided that the APLNG Pipeline is a transmission pipeline, the relevant Minister is the Commonwealth Minister for Resources and Energy the Hon. Martin Ferguson AM MP (see para 4.8 below).

Recommendation

1.3 The Council is satisfied that the APLNG Pipeline is a greenfields project in that it involves the construction of a pipeline that will be structurally separate from any existing pipeline.

1.4 The Council is not satisfied that pipeline coverage criteria (a), (b) or (d) are met in relation to the APLNG Pipeline. The Council recommends that the relevant Minister decide to make a 15-year no-coverage determination (National Gas Law (**NGL**), s 154(2)). The Council's reasoning for its recommendation is set out in sections 6 to 9 of this report.

1.5 The Council's recommendation and its pipeline classification decision are unchanged from its 19 June 2012 draft recommendation.

1.6 As it is bound to do, the Council considered criterion (b) on the basis of the recent reinterpretation of s 44H(4)(b) of *the Competition and Consumer Act 2010* (**CCA**)—which is in substantially the same terms as criterion (b)—by the Full Court of the Federal Court in *Pilbara Infrastructure Pty Ltd v Australian Competition Tribunal* [2011] FCAFC 58 (***Pilbara Infrastructure v Tribunal***). The Full Court decision is the subject of an appeal to the High Court: the High Court's decision is currently reserved. Were the High Court to reach a decision regarding s 44H(4)(b) of the CCA within the period within which the relevant Minister makes his decision in relation to the APLNG Pipeline, the Council's final recommendation would remain that the Minister make a 15-year no-coverage determination. This is because, regardless of any implications the High Court's decision may have for criterion (b), the Council is not satisfied that criteria (a) and (d) are met.

2 Application and public consultation

Application

2.1 The applicant is Australia Pacific LNG Gladstone Pipeline Pty Limited (**Applicant**). The Applicant is a wholly owned subsidiary of Australia Pacific LNG Pty Limited (**APLNG**). APLNG is a joint venture between Origin Energy Limited (**Origin**), ConocoPhillips Australia Pacific LNG Pty Ltd (**ConocoPhillips**) and Sinopec Australia Pacific LNG Pty Limited (**Sinopec**). Sinopec is a subsidiary of China Petrochemical Corporation.

2.2 On 2 May 2012, the Council received an application under section 151 of the National Gas Law (**NGL**) from the Applicant for a 15-year no-coverage determination for a proposed pipeline in Queensland to run from east of Wandoan to Curtis Island near Gladstone (**APLNG Pipeline**) (**Application**). The Council is satisfied that the Application meets the requirements of s 151(3) of the NGL.

Public consultation

2.3 As required by rule 123 of the National Gas Rules (**NGR**), in deciding what recommendation to make on the Application, the Council has proceeded in accord with the 'standard consultative procedure'. The standard consultative procedure is set out in rule 8 of the NGR.

Application

2.4 On 4 May 2012 the Council published a notice in *The Australian* newspaper advising that it had received the Application and calling for written submissions and published the Application on its website. In accordance with the standard consultative procedure, the Council provided 15 business days for submissions on the Application, ending at 5.00pm on Friday 25 May 2012.

2.5 The Council received one submission on the Application, from TriStar Petroleum Company (**TriStar**).

Draft recommendation

2.6 On 19 June 2012, the Council released its draft recommendation that the Minister should decide to make a 15 year no-coverage determination for the APLNG Pipeline and invited interested parties to make submissions on it before 5.00pm on Wednesday 11 July 2012.

2.7 The Council received no submissions on the draft recommendation.

3 The proposed APLNG Pipeline and pipeline service

3.1 APLNG proposes to develop an integrated coal seam gas (**CSG**) to liquefied natural gas (**LNG**) project in Queensland involving producing CSG from the Walloons gas fields in the Surat and Bowen basins, construction and operation of the APLNG Pipeline and development of an LNG processing facility on Curtis Island (**APLNG Project**). Origin is to construct and operate the APLNG Project's gas fields and main gas transmission pipeline, ConocoPhillips is to construct and operate the LNG facility and Sinopec is part equity owner and the foundation customer (Application, p 2).

3.2 The APLNG Pipeline begins at a point south east of Wandoan in Queensland at the junction of the proposed Woleebee and Condabri lateral gas pipelines (**APLNG Hub**). The APLNG Pipeline will run from the APLNG Hub north and northeast to liquefied natural gas (**LNG**) production and port facilities on Curtis Island in the port of Gladstone and includes a marine crossing of The Narrows at Port Curtis. The Woleebee and Condabri laterals form part of the APLNG Project but are not subject to the no-coverage application. A map of the route of the APLNG Pipeline is **Appendix A**.

3.3 The APLNG Pipeline is a greenfields pipeline project. The Council accepts that the project involves the construction of a pipeline that will be structurally separate from any existing pipeline (NGL, s 149).

3.4 The Council considers that the service to be provided by the APLNG Pipeline will be the transport of CSG from areas in the Surat and Bowen basins to Curtis Island. The service will not be provided to any unrelated parties. The Applicant states that the entire free flow capacity of the APLNG Pipeline will be used by APLNG in the first two phases of the APLNG Project (ie pursuant to the first two 'Final Investment Decisions' (described as FID 1 and FID 2): Application, p 44). The Applicant states that there will be some internal transfer pricing between it and Australia Pacific LNG Marketing Pty Limited (also a wholly owned subsidiary of APLNG) but that no revenue is expected to be derived from the service.

3.5 Further information on the APLNG Pipeline and the APLNG Project is available on the APLNG website (www.aplng.com.au) and in the Application, which is on the Council website.

4 Pipeline classification and relevant Minister

4.1 The APLNG Pipeline is to be situated entirely within Queensland and thus will not be an international pipeline or a cross-boundary pipeline (NGL, s 155(2)). The only classification decision the Council must make in respect of the APLNG Pipeline is, therefore, an initial classification decision that it is a transmission pipeline or distribution pipeline (see NGL, s 155(1)).

4.2 The Council must apply the pipeline classification criterion in s 13(1) of the NGL. The criterion requires that pipelines be classified according to whether their primary function is to:

- reticulate gas within a market—in which case the pipeline is a distribution pipeline, or
- convey gas to a market—in which case it is a transmission pipeline.

4.3 Without limiting s 13(1), s 13(2) requires the Council to have regard to a range of factors in determining the primary function of a pipeline. Those factors are:

> (a) the characteristics and classification of, as the case requires, an old scheme transmission pipeline or an old scheme distribution pipeline;
>
> (b) the characteristics of, as the case requires, a transmission pipeline or a distribution pipeline classified under this Law;
>
> (c) the characteristics and classification of pipelines specified in the [NGR] (if any);
>
> (d) the diameter of the pipeline;
>
> (e) the pressure at which the pipeline is or will be designed to operate;
>
> (f) the number of points at which gas can or will be injected into the pipeline;
>
> (g) the extent of the area served or to be served by the pipeline;
>
> (h) the pipeline's linear or dendritic configuration.

Submissions

4.4 The Applicant submits that the APLNG Pipeline should be classified as a transmission pipeline because it:

- is to convey gas from wells to the proposed LNG production plant and no part of it will be used to reticulate gas within a market
- has no classification status under the NGL

- will convey gas from the Walloons gas fields in the Surat and Bowen basins to the LNG Plant at Curtis Island for conversion to a form of LNG capable of being sold in the global market for LNG. APLNG is intending to construct high pressure pipelines to the APLNG Hub from as far north as Fairview and as far south as Gilbert Gully, and
- has a diameter of DN 1050 (42 inches) and will (together with the QCLNG Pipeline) be one of the largest pipelines constructed in Australia. A pipeline of this size, operating at pressures of 13.5MPag, is consistent only with transmission pipelines. The Applicant notes that the Queensland Gas Pipeline (**QGP**) (13 inch diameter) and the South West Queensland Pipeline (**SWQP**) (more than 15 inches in diameter) are both classified as transmission pipelines and that the NCC classified the QCLNG Pipeline, which will have a comparable diameter and operating pressure as the APLNG Pipeline, as a transmission pipeline.

4.5 No interested party submits that the APLNG Pipeline should not be classified as a transmission pipeline.

Decision

4.6 The Council agrees that the primary purpose of the APLNG Pipeline is to convey CSG from the APLNG Hub to the proposed LNG processing plant at Curtis Island for conversion to a form capable of being exported. No part of the pipeline will reticulate gas within a market. The Council also notes that the APLNG Pipeline:

- has no classification status under the NGL
- will be linear rather than dendritic, and
- will have a larger diameter and capacity and higher operating pressure than distribution pipelines.

4.7 The Council's initial pipeline classification decision is that the APLNG Pipeline is a transmission pipeline. As the APLNG Pipeline is situated wholly within Queensland it is not a cross-boundary transmission pipeline.

Relevant Minister

4.8 The relevant Minister is the Commonwealth Minister for Resources and Energy, the Hon. Martin Ferguson AM MP.[1]

[1] Under s 2 of the NGL, for a transmission pipeline wholly within a participating jurisdiction, the relevant Minister is the 'designated Minister' as defined in the relevant application Act. Section 9 of the *National Gas (Queensland) Act 2008* (Qld) defines 'designated Minister' as the 'Commonwealth Minister' which is defined in s 2 of the NGL as 'the Minister of the Commonwealth administering the *Australian Energy Market Act 2004* of the Commonwealth'.

5 Making a 15 year no coverage determination

5.1 Where a person has applied for a 15-year no-coverage determination the Council must make a recommendation to the relevant Minister that the pipeline either be exempt or not be exempt from being a covered pipeline for a period of 15 years (NGL, s 153(1)). In making its recommendation, the Council must give effect to the pipeline coverage criteria and have regard to the National Gas Objective (NGL, s 154(1)).

5.2 The pipeline coverage criteria, in s 15 of the NGL, are:

(a) that access (or increased access) to pipeline services provided by means of the pipeline would promote a material increase in competition in at least 1 market (whether or not in Australia), other than the market for the pipeline services provided by means of the pipeline (**criterion (a)**)

(b) that it would be uneconomic for anyone to develop another pipeline to provide the pipeline services provided by means of the pipeline (**criterion (b)**)

(c) that access (or increased access) to the pipeline services provided by means of the pipeline can be provided without undue risk to human health or safety (**criterion (c)**), and

(d) that access (or increased access) to the pipeline services provided by means of the pipeline would not be contrary to the public interest (**criterion (d)**).

5.3 The National Gas Objective is expressed in s 23 of the NGL as follows.

> The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.

5.4 The Council's approach to the coverage criteria and having regard to the National Gas Objective is set out in the *Greenfields pipeline incentives* guide and the *Coverage, revocation and classification of pipelines* guide, both of which are available on the Council website.

5.5 If satisfied that all coverage criteria are met, the Council must recommend against a no-coverage determination. If not satisfied that all criteria are met, it must recommend in favour of a no-coverage determination (NGL, s 154(2)).[2] Accordingly, if the Council considers that, having regard to the National Gas Objective, any criterion is not met, it must recommend in favour of a no-coverage determination. The following four sections of this report summarise the Council's consideration of the APLNG Pipeline against each coverage criterion.

2 In considering the Council's recommendation and making his or her decision the relevant Minister must consider the same matters and requirements as the Council (NGL, s 157).

6 Criterion (a)

6.1 Criterion (a) requires that

> access (or increased access) to the pipeline services provided by means of the pipeline would promote a material increase in competition in at least 1 market (whether or not in Australia), other than the market for the pipeline services provided by means of the pipeline.

6.2 Access would be likely to improve the environment for competition where a service provider has market power that it uses to the detriment of a competitor(s) in a market other than the market for the pipeline services (ie in an upstream or downstream market, referred to as a dependent market). The issue is whether access would improve the opportunities and environment for competition in a dependent market(s) so as to promote materially more competitive outcomes. The assessment is concerned with the process of competition, rather than the particular commercial interests or pursuits of any party. If a dependent market is already effectively competitive then it would be unlikely that access would improve the competitive environment such that criterion (a) is satisfied.

6.3 In assessing whether criterion (a) is satisfied, the Council:

- identifies relevant dependent (upstream or downstream) markets
- considers whether the identified dependent markets are separate from the market for the pipeline service, and
- assesses whether access (or increased access) would be likely to promote a materially more competitive environment in the dependent market(s).

Dependent markets

6.4 The Applicant submits that the relevant markets are an upstream gas production market (**gas production market**), a downstream domestic gas sales market centred on Gladstone-Rockhampton-Wide Bay (**domestic sales market**) and a downstream global LNG market (**global LNG market**). It submits that these markets are economically separate and distinct from the market for the pipeline services. The Applicant notes that these upstream and downstream markets are consistent with the Council's market definition in its final recommendation on the QCLNG no-coverage application (**QCLNG Recommendation**) and submits that that market definition applies equally to the Application (Application, p 35).

Gas production market—submissions

6.5 The Applicant submits that 'the feed gas for the APLNG facilities will not be designed to substitute other forms of gas for CSG' and that '[f]rom that technical perspective, substitutability is limited' (Application, p 17). The Applicant provided a report prepared for it by Frontier Economics (**Frontier**). In that report, Frontier states that (conventional) natural gas is outside the product dimension of the upstream market, based on its understanding that the APLNG Pipeline is 'not designed to carry gas other than CSG' and that, in any case, most gas likely to be produced in central Queensland is likely to be CSG so the effect of any distinction would therefore be likely to be immaterial (Frontier 2012, p 24). However, the Applicant accepts that CSG and conventional gas are sufficiently close economic substitutes for present purposes and that

> the effect of any difference between what might be termed "technical" substitutes and "economic" substitutes and therefore the product dimension of the market is minimal (Application, p 17).

6.6 Frontier considers that the upstream production market should include CSG producers within the scope of feasible interconnection with the APLNG Hub because producers some distance from the APLNG Hub may find it worthwhile to interconnect with it. As APLNG is intending to develop pipelines to the APLNG Hub from as far north as Fairview and south to Gilbert Gully, Frontier considers that these areas should fall within the 'upstream geographic market' (Frontier 2012, pp 24-5). The map at **Appendix B** shows the gas field development areas and the proposed pipelines from the Surat Basin to Gladstone.

6.7 According to the Frontier report, there is one upstream market for CSG production that is separate from CSG transportation and supply because:

- 'some firms in the Surat Basin develop and extract gas without necessarily seeking to transport and sell it', and
- 'given the supply-side substitutability between gas production for LNG manufacture and for domestic sale ... it makes sense to consider both types of production as occurring within the same upstream market' (Frontier 2012, pp 25-6).

6.8 Frontier also agrees with the Council's view in the QCLNG Recommendation that there was a single upstream dependent market for gas production, as opposed to separate production markets for LNG manufacture and domestic sales. It says that, given the supply-side substitutability of gas production for LNG manufacture and domestic sales, 'it makes sense to consider both types of production activities as occurring within the same upstream market' (Frontier 2012, p 26).

Gas production market—Council's consideration

6.9 The Council understands that '[w]hile different technologies can be used for extracting CSG and other unconventional gas, once extracted it is indistinguishable from conventional natural gas' (Geoscience Australia and ABARE 2010, p 87). However, whether or not the gas production market is necessarily confined to CSG, the Council agrees that by far the bulk of gas produced in the Surat and Bowen basins in Queensland is CSG[3] and any distinction for the purpose of considering competition effects in the context of the APLNG Pipeline is unlikely to be material.

6.10 The Council considers that there is a single upstream gas production market, rather than separate markets for gas for LNG manufacture and gas for domestic sales. The Council considers that the approach it took to this question in the QCLNG Recommendation applies equally to the APLNG Pipeline. In the QCLNG Recommendation, the Council said that

> CSG is sufficiently substitutable between use for domestic purposes and use for LNG manufacture such that domestic and export market outcomes are most likely to be integrated. If high international prices lead gas producers to direct gas to LNG production then the outcome is likely to be reduced quantities of gas for domestic use and consequently higher domestic gas prices (though it is not possible to predict whether prices would achieve parity). The Council therefore confined its analysis to a single upstream gas production market (QCLNG Recommendation, p 15).

6.11 The Council considers that the relevant geographic boundary of the upstream market is delineated by the producers served or potentially served by the APLNG Pipeline: ie, producers in the Surat and Bowen basins within the scope of feasible interconnection with the APLNG Pipeline. The SWQP and the Queensland-South Australia-New South Wales Link may expand the geographic dimension of the upstream gas production market to encompass producers connected to the Moomba hub. However, if access to the APLNG Pipeline would not promote a material increase in competition in a market limited to the scope of feasible interconnection to the APLNG Pipeline, then access would not materially promote competition in a broader geographic gas production market characterised by extensive transmission interconnection.

Domestic gas sales market—submissions

6.12 Frontier considers that, unlike the gas production market, the domestic gas sales market includes conventional natural gas because it is a ‘reasonably close substitute’ for CSG in domestic household use (Frontier 2012, p 24). It says that the geographic scope of the downstream domestic market should include consumers within scope of feasible interconnection with the APLNG Pipeline, encompassing Gladstone, Rockhampton and the Wide Bay area. Agreeing with the Council’s QCLNG Recommendation, Frontier suggests that defining the market more broadly would ‘only make it harder to satisfy criterion (a)’ (Frontier 2012, p 25).

[3] For example, the Australian Energy Market Operator (**AEMO**) Gas Statement of Opportunities 2011 (AEMO 2011) indicates that initial proved plus probable reserves in the Bowen-Surat basins as at 31 December 2011 were 1 168 PJ for conventional gas and 34 593 PJ for CSG (AEMO 2011, pp 3-9 and 3-10). See also: ABARES 2011, p 46; DEEDI 2011, pp 19-20; and Geoscience/ABARE 2010, pp 84 (Figure 4.1), 96 (Figure 4.15) and 98 (Figure 4.19).

6.13 Frontier argues that there are separate downstream dependent markets for LNG manufacture and domestic gas sales. It agrees with the QCLNG Recommendation where the Council said that activity in relation to the production and sale of LNG is global and thus distinct from the production and sale of gas domestically' and 'there is negligible domestic demand for LNG' (QCLNG Recommendation, para 6.11, quoted in Frontier 2012, p 26).

Domestic gas sales market—Council's consideration

6.14 Downstream domestic users of gas include large industrial users, smaller industrial users and households. Participants in the domestic gas sales market may include gas wholesalers dealing directly with large industrial customers or gas retailers.

6.15 The Council considers that the downstream domestic gas sales market encompasses those regions where there is customer demand capable of being served or potentially served by the APLNG Pipeline. This market at least extends to the Gladstone-Rockhampton area which is the area capable of being directly served by the APLNG Pipeline and interconnection via the QGP and to the Wide Bay area (via the Wide Bay Pipeline). Considering the interconnection of Gladstone into the Australian gas transmission system, the downstream market could be defined more broadly to encompass all eastern and southern Australian gas users. However, the Council proposes to confine its consideration to the gas sales market in the Gladstone-Rockhampton-Wide Bay area noting that if criterion (a) is not met in relation to this market then it is unlikely to be met for the broader geographic area.

Global LNG market—submissions

6.16 Frontier considers that the geographic scope of the downstream LNG market is global, 'as evidenced by the large quantities of LNG traded between different countries' (Frontier 2012, p 25). As noted in para 6.13 above, Frontier considers that there are separate (functional) markets for domestic gas sales and LNG.

Global LNG market—Council's consideration

6.17 The Council agrees that there is a separate downstream market for LNG and that this is a global market. LNG (in its liquefied form) is 1/600 of its volume in a gaseous state and is able to be shipped internationally to customer markets.

Other markets identified in submissions

6.18 TriStar is a group of CSG exploration companies engaged in joint ventures with APLNG. Adopting submissions made by Blue Energy Limited in response to the application for a no-coverage determination in respect of the QCLNG Pipeline, TriStar submits that the markets in which access to the APLNG Pipeline would be likely to promote competition include those for wholesale CSG supply, a CSG tenements market and a market for toll manufacture of LNG (TriStar 2012). Having considered TriStar's arguments, the Council considers that the conclusions it reached in the QCLNG Recommendation are applicable to the APLNG matter (see: QCLNG Recommendation, pp 15-16).

- Wholesale CSG market: CSG is sufficiently substitutable between domestic use and LNG manufacture such that domestic and export market outcomes are most likely to be integrated. If high international prices lead gas producers to direct gas to LNG production then the outcome is likely to be reduced quantities of gas for domestic use and consequently higher domestic gas prices (though it is not possible to predict whether prices would achieve parity). The Council therefore confined its analysis to a single upstream gas production market.
- Tenements market: Consideration of competition outcomes in such a market is likely to encompass the same considerations as for an upstream gas production market such that a finding that competition is or is not promoted in the upstream gas production market would also apply to any tenements or exploration rights markets. The Council therefore does not propose to specifically consider a tenements (or exploration rights) market.
- Toll LNG market: The Council does not consider that there is a relevant downstream dependent market for the toll manufacture of LNG as it appears unlikely that anyone would seek to develop an LNG plant remote from a source of gas without an associated pipeline and gas supply contracts or an LNG plant and pipeline without a secured supply of gas.

Council's view on dependent markets

6.19 The Council considers that the most relevant dependent markets are:

- the upstream gas production market within the scope of feasible interconnection with the APLNG Pipeline
- the downstream gas sales market centred on the Gladstone-Rockhampton-Wide Bay area, and
- the downstream global LNG market.

6.20 These dependent markets are economically separate and distinct from the market for the pipeline services.

Promotion of competition

Gas production market—submissions

6.21 The Applicant submits that, because there are a number of alternatives to the APLNG Pipeline for upstream CSG producers,

(a) the Applicant will be unlikely to have the incentive to materially influence competitive outcomes in the upstream CSG market, and, therefore

(b) access to the APLNG Pipeline is unlikely to promote a material increase in competition (Application, p 36, referring to Frontier 2012, section 3.3.1).

6.22 The Applicant identifies the following pipelines as current or potential alternatives for CSG producers.

(a) Current pipelines:

(i) the QGP, which runs from Roma (Wallumbilla) via Gladstone to Rockhampton, and

(ii) the Roma to Brisbane Pipeline (**RBP**), and

(b) Proposed pipelines:

(i) the QCLNG Pipeline, to run from near Wandoan to Curtis Island

(ii) the pipeline to run from near Injune to Curtis Island as part of the Santos, PETRONAS, Total and KOGAS Gladstone LNG project (**GLNG Project**), and

(iii) the Arrow Energy pipeline, to run from near Dalby to Gladstone and Curtis Island (Application, pp 35-6).

6.23 The map at **Appendix C** shows the routes of the existing and proposed pipelines in southeastern Queensland. The map at **Appendix D** shows the existing and proposed pipelines listed above within the context of the eastern and southern Australian gas transmission network.

6.24 Frontier also assesses whether there are reasonable prospects that independent CSG producers would seek access to services on the APLNG Pipeline. Frontier considers that there are two small independent CSG producers that may seek gas transportation services from one of the four major pipeline proponents but that, because of existing relationships or ownership, they are likely to negotiate access with QGC and Arrow Energy. Frontier considers that the CSG explorers in the vicinity of the APLNG Pipeline are neither in production not have verified resources or reserves and thus are too prospective to be included in the upstream market at present (Frontier 2012, pp 28-32).

6.25 TriStar submits that access to the APLNG Pipeline would promote a material increase in competition in both the upstream gas production market and the downstream domestic gas sales market. It submits that the Applicant will have strong incentives to deny junior CSG producers access as to do so would maximise the likelihood that the Applicant (and not another producer) will ultimately have the opportunity to exploit the reserves. Adopting the submissions of Blue Energy in the QCLNG Pipeline matter, TriStar argues that smaller producers would not use the QGP or RBP as neither can be used to service an LNG plant (both carry a mix of CSG and conventional gas so gas delivered will not be suitable for use in any proposed plant and the RBP does not go near a proposed plant) and both are capacity constrained.

Gas production market—Council's consideration

6.26 While the Applicant's vertical integration into the upstream gas production market may give it an incentive to refuse access to other gas producers, this incentive (where the pipeline has spare capacity) is likely to be limited. To the extent that the global LNG market is competitive, APLNG has little incentive to restrict the volume of Australian LNG production because this is unlikely to affect world prices. Moreover, accepting that the geographic scope of the gas production market extends from Fairview to Gilbert Gully, smaller CSG producers will have as many as four potential joint venture or farm-out partners (depending upon how many of the proposed integrated CSG-LNG projects proceed), in addition to the existing pipelines.

6.27 The Council is not persuaded by TriStar's submissions that the QGP and RBP would not be used by producers such as TriStar because the pipelines are capacity constrained and do not serve LNG facilities. TriStar references submissions made by Blue Energy in relation to the application for a no-coverage determination for the QCLNG Pipeline: at that time Blue Energy claimed that the capacity of the RBP (208 TJ/d in 2010) and the QGP (142 TJ/d or 52 PJ/a in 2010) was insufficient. At that time, the operators of the QGP and RBP each advised the Council that they could expand capacity on their respective pipelines to meet additional demand (see QCLNG Recommendation, p 20). In June 2012, APA Group informed the Council that a 10 per cent capacity expansion of the RBP is expected to be completed and that APA Group will base its access arrangement for the RBP on capacity of 232TJ/d from July 2012 (APA 2012). Advice from Jemena is that the QGP is currently running at close to full capacity but may be capable of expansion to 260 PJ/a (Jemena 2012). The ability of the RBP and QGP to serve existing LNG projects is not material since the Council does not consider that there is a separate market for the production of gas in the Surat Basin for the production of LNG (see para 6.10 above).

6.28 The Council considers that the Applicant is unlikely to be able to materially affect competitive outcomes in the gas production market and access to the APLNG Pipeline is unlikely to promote a material increase in competition in the gas production market.

Domestic sales market—submissions

6.29 The Applicant argues, as the Council accepted in the QCLNG Recommendation, that customers in the Gladstone, Rockhampton or Wide Bay areas will likely have several options for acquiring gas. In addition to the existing QGP, gas users' future demand could be serviced by one or more of the gas transmission pipelines that form part of the other three proposed Surat CSG to Curtis Island LNG projects. It submits that, assuming that the APLNG Pipeline is no less likely to proceed than the QCLNG Pipeline, the Council ought to conclude that gas customers are likely to have at least two alternatives (the QGP and the QCLNG Pipeline) to the APLNG Pipeline for gas supply.

6.30 The Applicant argues that access to the APLNG Pipeline is therefore unlikely to promote a material increase in competition in the downstream gas sales market in the Gladstone-Rockhampton-Wide Bay area. It argues that access is even less likely to promote competition if one considers outcomes on the basis of a broader geographical area.

6.31 TriStar submits that regulated access to the APLNG Pipeline is in the public interest for reasons including that it would ensure an alternative competitive supply of gas to the downstream domestic gas sales market. It submits that 'no alternative CSG pipeline involved in an integrated project is offering such access at present' (TriStar 2012, p 4).

Domestic sales market—Council's consideration

6.32 The existence of a range of current proposals for LNG projects involving a transmission pipeline (see para 6.22 above) indicate that there are likely to be alternative sources of gas for users in the Gladstone-Rockhampton-Wide Bay area, originating from the Surat Basin and/or the Bowen Basin. Frontier states that the 'advanced planning and progress of these projects suggests that it is highly likely to be privately profitable for a number of proponents to develop their own pipelines from the Surat Basin to Curtis Island (Frontier 2012, p 6).

6.33 While there is some uncertainty about whether all proposed pipelines will proceed and the timing of pipeline developments, the Council considers that gas users in the area of Gladstone, Rockhampton and Wide Bay will have supply options via the existing QGP and-if and when other pipelines are commissioned-other transport options enabling them to bypass the APLNG Pipeline. The operator of the APLNG Pipeline will be likely to have little incentive or ability to exercise market power in the domestic gas sales market. Accordingly the Council considers that access to the APLNG Pipeline is unlikely to promote a material increase in competition in the Gladstone-Rockhampton-Wide Bay gas sales market.

Global LNG market—submissions

6.34 The Applicant submits that access to the APLNG Pipeline will not promote a material increase in competition in the downstream LNG market because it is already a competitive international market. It agrees with the Council's findings about the global LNG market in the QCLNG Recommendation and submits that those findings apply equally to the APLNG Pipeline because there has been no material change in market conditions in the meantime.

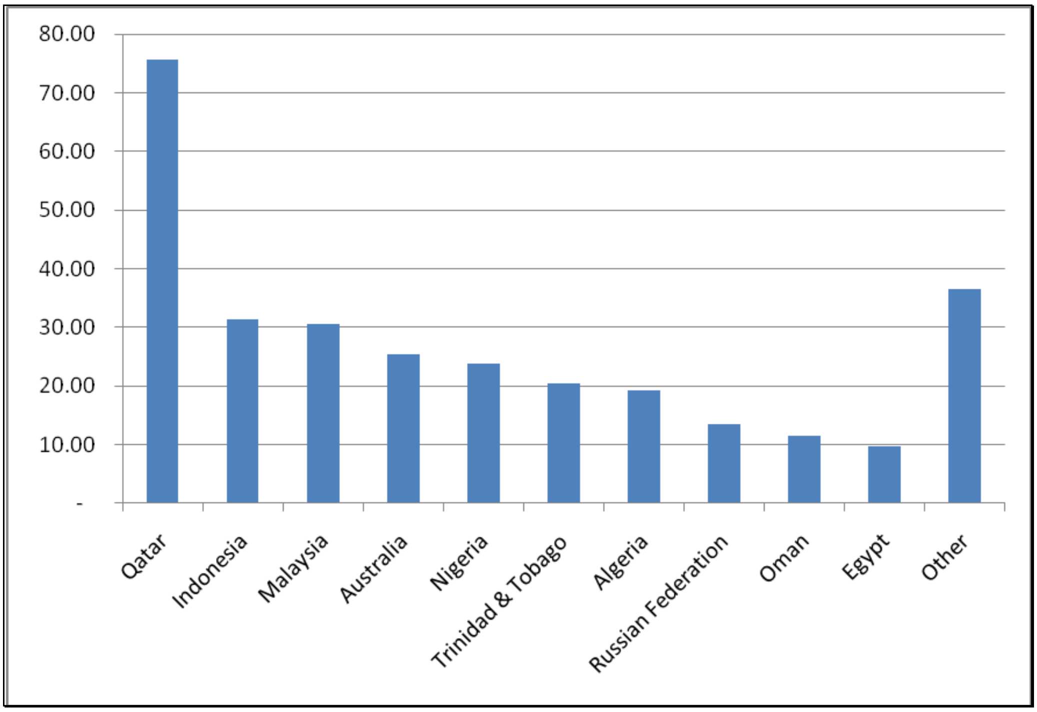
6.35 No party submits that the global LNG market is not competitive or that access to the APLNG Pipeline would promote a material increase in competition in this market.

Global LNG market—Council's consideration

6.36 The Council agrees that the global LNG market is already a competitive international market and that access to the APLNG Pipeline is unlikely to promote a material increase in competition in the downstream LNG market.

6.37 The Council notes that, although regional supply and demand developments have seen LNG prices become more dispersed in recent years (RBA 2011, p 24), in 2010 Australia was the fourth largest exporter of LNG, as shown in **Figure 1** below. Australia may, by 2015, become the second largest exporter of LNG behind Qatar (AEMO 2011, p 2-8). However, even if this were to occur, the Applicant would not be in a position to materially affect competitive outcomes in the global LNG market.

Figure 1: 2010 LNG exports by country in billions of cubic metres



Data source: BP 2011

Conclusion on criterion (a)

6.38 Access to the APLNG Pipeline is unlikely to promote a material increase in competition in any likely dependent market.

6.39 The Council does not consider that criterion (a) is satisfied.

7 Criterion (b)

7.1 Criterion (b) requires that

> it would be uneconomic for anyone to develop another pipeline to provide the pipeline services provided by means of the pipeline.

7.2 The Full Court of the Federal Court of Australia (**Full Court**) held recently that the equivalent provision to criterion (b) in Part IIIA of the CCA[4] tests the private profitability of duplication. That is to say that criterion (b) will not be satisfied if it can be shown there is someone in the market who might profitably build another facility to provide the relevant service (*Pilbara Infrastructure v Tribunal* , [86] and [100]).

7.3 The Council respectfully disagrees with the approach adopted by the Full Court. On 6-8 March 2012, the High Court heard an appeal against the Full Court decision. The Council intervened in that proceeding specifically in relation to the interpretation of criterion (b). As at the date of this recommendation, the High Court has not delivered its judgment.[5] The Council has therefore considered the Application on the basis that it is bound to follow the construction given to criterion (b) by the Full Court.

Application and submissions

7.4 The Applicant submits that 'there can be no doubt that the APLNG Pipeline would not satisfy criterion (b)' (Application, p 33). It submits that the fact that there are currently three LNG projects proposed for Queensland in addition to the APLNG Project (ie the QCLNG, GLNG and Arrow Energy projects) 'would suggest that it is likely to be economically feasible for others in the market place to develop an alternative to the APLNG Pipeline (Application, p 33). Frontier argues that the advanced nature of these projects 'suggests it is highly likely to be privately profitable for a number of proponents to develop their own pipelines from the Surat Basin to Curtis Island' (Frontier 2012, p 6).

7.5 TriStar rejects submissions by the Applicant that other projects such as the QCLNG Project and the GLNG Project suggest it would be economically feasible for others in the market place to develop alternative pipelines. It submits that the APLNG Pipeline will have sufficient capacity to meet reasonably foreseeable demand. TriStar states that it understands the APLNG Pipeline is intended to carry all the gas available to APLNG from gasfields throughout Central Queensland and is scalable for that purpose.

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4 The Full Court was considering s 44H(4)(b), which provides that the designated Minister cannot declare a service unless he or she is satisfied 'that it would be uneconomical for anyone to develop another facility to provide the service'.

5 See cases M155/2011, M156/2011, and M157/2011 on the High Court website: www.hcourt.gov.au/cases/case-m155/2011

7.6 Following the Full Court decision, the assessment of criterion (b) no longer tests whether a pipeline can meet reasonably foreseeable demand. Rather, criterion (b) involves identifying whether there is someone who may be able to develop profitably an alternative pipeline to provide the services provided by means of the APLNG Pipeline. This is 'a matter of looking at the facts of the market place' (*Pilbara Infrastructure v Tribunal*, [86]). In the case of the APLNG Pipeline, the facts of the market place are that at least three other parties consider it is likely to be privately profitable to develop another pipeline to provide the pipeline services (ie the transport of gas from the Surat Basin to Gladstone).

Conclusion on criterion (b)

7.7 The Council accepts that it is likely to be privately profitable for someone in the market place to develop an alternative pipeline to provide the services provided by means of the APLNG Pipeline.

7.8 The Council does not consider that criterion (b) is satisfied. Depending on the High Court's decision, the Council proposes to revisit this conclusion in the event that the High Court determines the current appeal against the Full Court decision prior to the Council finalising its recommendation on the Application.

Council views on interpreting criterion (b)

7.9 Prior to the decision of the Full Court in *Pilbara Infrastructure v Tribunal*, the Council, decision-making Ministers and the Tribunal had applied criterion (b) as requiring the decision maker to identify whether a pipeline exhibits 'natural monopoly' characteristics. In the context of the NGL, this assessment addresses whether, for the reasonably foreseeable demand for the services in question, it is more efficient—in terms of Australia's national interest—for the service to be provided by a single pipeline rather than more than one pipeline (*Re Duke Eastern Gas Pipeline Pty Ltd* [2001] ACompT 2, (***Re Duke EGP***) [137]). Notwithstanding the decision of the Full Court, in the Council's view, this construction is supported by the National Gas Objective, which is directed towards efficient investment in and operation and use of natural gas services over the long term. (The Full Court expressly acknowledged that the application of the private profitability test 'might occasion some wastage of society's resources in some cases' (*Pilbara Infrastructure v Tribunal*, [100])).

7.10 Before *Pilbara Infrastructure v Tribunal* the assessment of criterion (b), in the case of an application for coverage of an existing pipeline, required assessment of the foreseeable demand for the service provided by the pipeline and whether the pipeline has sufficient capacity to meet that demand. If capacity is sufficient to meet foreseeable demand, then the pipeline was likely to have natural monopoly characteristics and be uneconomic to duplicate. In the Council's view, in the case of a no-coverage application for a proposed pipeline, the assessment needed to encompass an additional consideration. As the Council observed in the QCLNG Recommendation, the prospect of a no-coverage determination in relation to a proposed pipeline may create an incentive for a proponent to design its pipeline such that it has insufficient capacity to meet reasonably foreseeable demand for the services to be provided by means of the pipeline, thus ensuring that criterion (b) (as it had been applied prior to the Full Court decision) will not be satisfied. It seems to the Council that such an outcome would run counter to the National Gas Objective.

7.11 The Applicant takes issue with the approach the Council took to criterion (b) in the QCLNG Recommendation. It argues that the law as it stood prior to the Full Court decision requires an assessment of demand and capacity of *the pipeline* as proposed by the Applicant (Application, p 23). The Applicant also notes that the relevant Minister, in making his no-coverage determination in relation to the QCLNG Pipeline,

> considered the proposed "pipeline services provided by means of the pipeline", rather than the pipeline services that could be provided by a pipeline that is "larger than the Applicant proposes to construct" (Application, p 27).

7.12 Absent the Full Court decision, the Council does not accept that the assessment of criterion (b) is necessarily so limited. The Council considers that criterion (b) directs assessment to *the pipeline services* rather than the pipeline. That is, criterion (b) requires that it would be uneconomic for anyone to develop *another pipeline to provide the pipeline services.* (It does not, for example, require that it be 'uneconomic to duplicate the pipeline that will provide the services'.) The relevant demand is the demand for the service, which in this case is transporting CSG from the Surat and Bowen basins to Curtis Island. It is not confined to the demand on any particular pipeline.

7.13 Pending the High Court's determination of the appeal against the Full Court decision, the Council does not propose to consider further in respect of the Application the question of whether the interpretation of criterion (b) advocated by the Applicant creates an incentive to deliberately undersize a pipeline. However, the Council is concerned that this issue could be significant or even determinative where it is less likely that other pipelines will be developed. The Council remains of the view that an application of criterion (b) that is limited to considering the pipeline as proposed provides an incentive to construct an inefficiently sized pipeline. Such an outcome appears to run counter to the National Gas Objective because it is likely to undermine the promotion of efficient investment in and operation and use of natural gas services. This is not to say that there are not legitimate commercial choices in play; however, (absent the Full Court decision) the question regarding coverage is whether those choices reflect the broader national interest encompassed by the National Gas Objective.

7.14 Should the High Court interpret criterion (b) in a way that is centred on issues of natural monopoly (or the broader social costs of duplicating a facility), then the Council would advocate an approach to criterion (b) that accords with the national interest in promoting efficient investment in and operation of gas infrastructure, so is more consistent with the National Gas Objective.

8 Criterion (c)

8.1 Criterion (c) requires that

> access (or increased access) to the pipeline services provided by means of the pipeline can be provided without undue risk to health or safety.

8.2 The Applicant does not consider that access to the services to be provided by means of the APLNG Pipeline would result in undue risk to human health or safety. No party challenges this view.

Conclusion on criterion (c)

8.3 The Council is satisfied in respect of criterion (c).

8.4 The safe use of natural gas transmission pipelines through appropriate operator practice and regulation is well established in Australia. The Council sees no basis to suggest that access to the services provided by the APLNG Pipeline would compromise human health or safety.

9 Criterion (d)

9.1 Criterion (d) requires that

> access (or increased access) to the pipeline services provided by means of the pipeline would not be contrary to the public interest.

9.2 Criterion (d), being expressed in the negative, does not require the Council to be affirmatively satisfied that access would be in the public interest, only that access would not be contrary to the public interest (*Re Services Sydney Pty Ltd* [2005] ACompT 7, [192]). Criterion (d) requires consideration of whether there are additional matters that lead to the conclusion that coverage would be contrary to the public interest, in acceptance of the results of the application of the other coverage criteria (*Re Duke EGP*, [145]).

9.3 'Public interest' is not defined in the NGL. The Council considers that the term allows a consideration of a broad range of public interest issues with particular focus on issues raised by the National Gas Objective. To assess criterion (d) as met, the Council must be satisfied that the overall costs of access do not outweigh the benefits (including the benefits of increased competition in one or more dependent markets where criterion (a) is satisfied).

Application and submissions

9.4 The Applicant submits that access to the APLNG Pipeline would not be in the public interest. It argues that access would not deliver an increase in competition in any dependent market so would deliver no benefit (see section 6) and, conversely, that it would impose several costs including:

(a) reducing the likelihood of the realisation of environmental, economic and resource development benefits that will flow from Australia's CSG and LNG industries because access is likely to discourage further investment in the sectors, and

(b) adversely affecting the APLNG Project by imposing regulatory costs, including financial costs on the Applicant.

9.5 The Applicant asserts that the environmental, economic and resource development benefits flowing from the APLNG Project that may be endangered include:

(a) capital investment of approximately $35 billion through to 2020

(b) creation of a new, long-term gas processing and export industry in Queensland

(c) creation of up to 5000 direct jobs during peak construction phase and 1000 jobs during the operational phase

(d) opportunities to increase local skills via apprenticeships, scholarships and vocational training, and

(e) expenditure in regional economies.

9.6 The Applicant estimates the financial costs of regulation that are likely to accrue on the basis of full regulation in the absence of a no-coverage determination (Application, Annexure 4, pp 57-59). The estimated costs are:

- the initial cost of developing and implementing an access arrangement: $280 000 to $330 000, ($56 000 to $70 000 amortised over the first five years of coverage)
- annual staff, reporting and accounting costs: $181 000 to $231 000, and
- other costs (including tariff adjustment and access disputes): $155 000 to $175 000 for the first five years ($31 000 to $35 000 per annum).

9.7 TriStar submits that regulated access to the APLNG Pipeline would be in the public interest because it 'would not derogate from the positive realizations flowing from the project'. It also comments that the Applicant's statement (in para 7 of the Application) that the Application is being made 'in order to provide certainty for the APLNG Project' appears contrary to prior APLNG statements that the APLNG Project would proceed which contained no reservation as to the need for a no-coverage determination.

Council's assessment

9.8 The extent of any benefit from access depends on the likely effects on competition in dependent markets (criterion (a)). At para 6.38 above the Council found that access to the APLNG Pipeline would not promote a material increase in competition in any dependent market. In the absence of a material promotion of competition in a dependent market (or other potential benefits associated with access), access is likely to be contrary to the public interest.

9.9 The Applicant has identified no benefit and some costs including the direct costs of regulation. The Council notes the claims of adverse effects if investment in the CSG and LNG sectors is discouraged.

9.10 The Applicant's estimates of the direct costs of regulation appear reasonable given the assumptions on which they are based. There may however be reason to consider that the Applicant overestimates direct costs because they are based on the assumption that the APLNG Pipeline will be subject to full regulation, which would not necessarily be the case, even assuming a successful coverage application.

9.11 Regarding the Applicant's statements relating to the possible effect of access upon investment incentives and potentially consequent costs to the public interest, the Council notes that the key purpose of the no coverage regime in the NGL is to improve regulatory certainty for proposed investments that are efficient from a national perspective. In this regard, it is important to distinguish *efficient* investment from investment per se. Any significant infrastructure investment in Australia may create benefits, both private benefits for the investor through its return on the investment, and public interest benefits for Australia associated with the increased economic activity arising from the investment itself and its ongoing operations. But infrastructure investment is undesirable from the view of Australia's public interest if it depends on monopoly power and material constraints on competition in markets dependent on the infrastructure, and if the infrastructure owner's market power is unregulated. This principle is encapsulated in the National Gas Objective.

9.12 While the Council does not doubt the Applicant's statements that the prospect of a no coverage determination is important in its decision making, the Council does not consider that the prospect of access will discourage efficient investment. Any access arrangement must provide an infrastructure owner with a risk-adjusted commercial return on their investment, while protecting the owners' legitimate interests and prioritising their reasonably anticipated use of the infrastructure.

Conclusion on criterion (d)

9.13 Notwithstanding that actual regulatory cost of access may be somewhat lower than the Applicant's estimates, the Council's finding that access would not promote a material increase in competition in any likely dependent market (in the absence of any other potential benefits) is critical. Given that there are some costs that would result from coverage of the APLNG Pipeline, the Council's view is that access to the pipeline services would be contrary to the public interest and that criterion (d) is not met.

10 Information taken into account by the Council

For the purposes of s 261(7) of the NGL, the following three tables set out the submissions, reports and material relied upon by the Council in preparing this recommendation.

Table 10.1 Application and submissions

Author	Date	Title	Confidentiality
Australia Pacific LNG Gladstone Pipeline Pty Limited (Applicant)	1 May 2012	*Application for 15-year no coverage determination under section 151 of the National Gas Law*	Yes. Separate confidential and publication versions provided to Council.
Frontier Economics (Frontier)	April 2012	*APLNG no coverage application, Expert report prepared for APLNG* (Annexure 5 to the Application)	No. Report was included in the publication version of the Application
TriStar Petroleum Company (TriStar)	25 May 2012	*Re: Application for 15 year no-coverage determination for Australia Pacific LNG Gladstone Pipeline Pty Limited*	No

Table 10.2 References

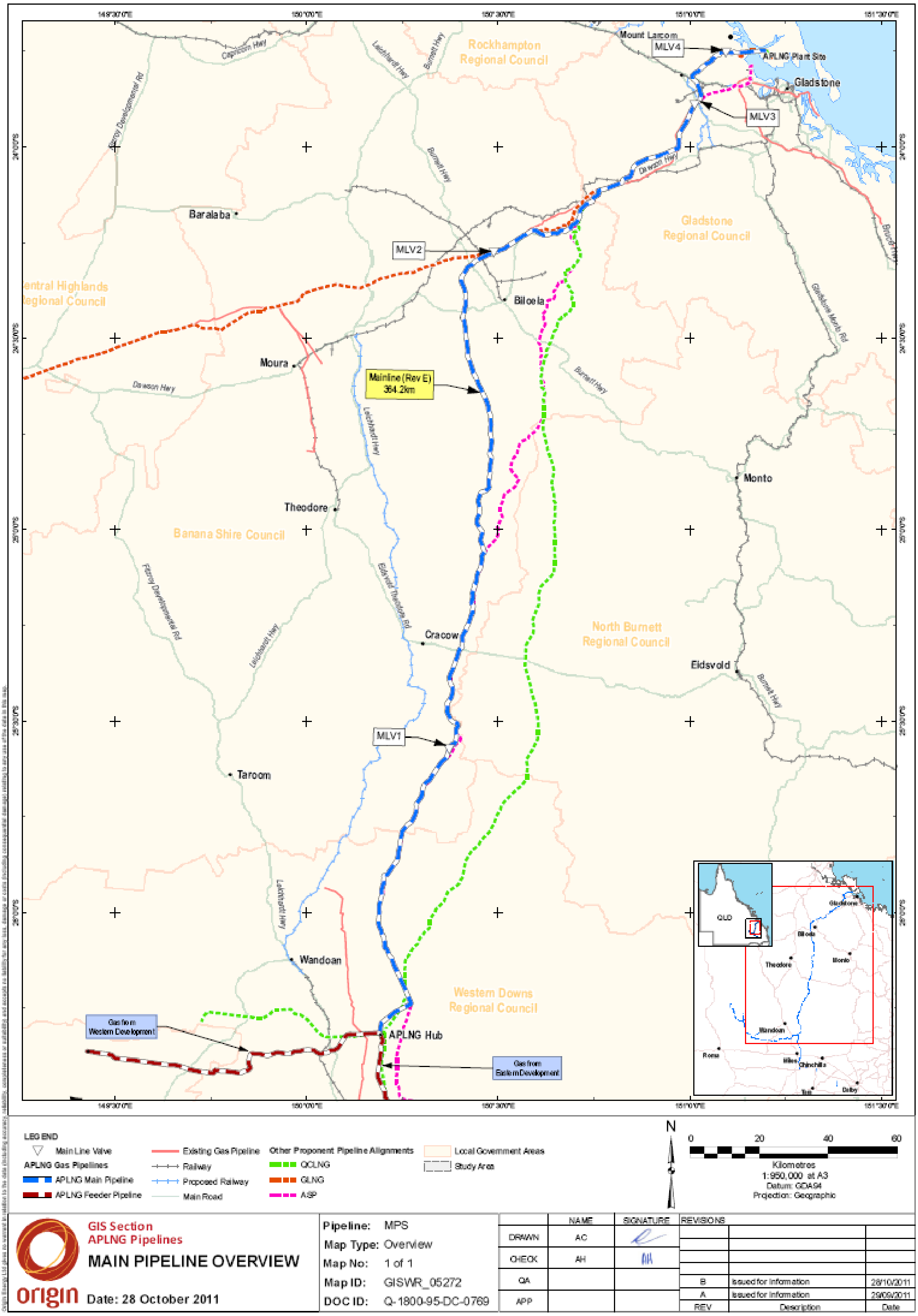
Author	Date	Title	Confidentiality
APA Group (APA)	18 June 2012	Email: *APLNG no coverage application: Questions re RBP and Wide Bay*	No
Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)	2011	*Energy in Australia*	No
Australian Energy Market Operator (AEMO)	2011	*2011 Gas Statement of Opportunities for Eastern and South Eastern Australia*, Melbourne	No
BP plc (BP)	2011	*BP Statistical Review of World Energy*, June 2011, BP plc, London	No
Department of Employment Economic Development and Innovation (Qld) (DEEDI)	2011	*Queensland's petroleum-Exploration and development potential*	No

Author	Date	Title	Confidentiality
Geoscience Australia and Australian Bureau of Agricultural and Resource Economics (Geoscience/ABARE)	2010	*Australian Energy Resource Assessment*, Canberra	No
Jemena Limited (Jemena)	8 June 2012	Email: *Description/capacity of the QGP*	No
National Competition Council (NCC)	March 2012	*Greenfields pipeline incentives, A guide to the functions and the powers of the National Competition Council under the National Gas Law: Part D Greenfields pipeline incentives*	No
NCC	May 2012	*Coverage, revocation and classification of pipelines, A guide to the function and powers of the National Competition Council under the National Gas Law, Part B – Coverage, revocation of coverage and classification of pipelines*	No
State of Queensland, Department of Employment, Economic Development and Innovations (Queensland Government)	2011	*2011 Gas Market Review: Queensland*	No

Table 10.3 Legal sources

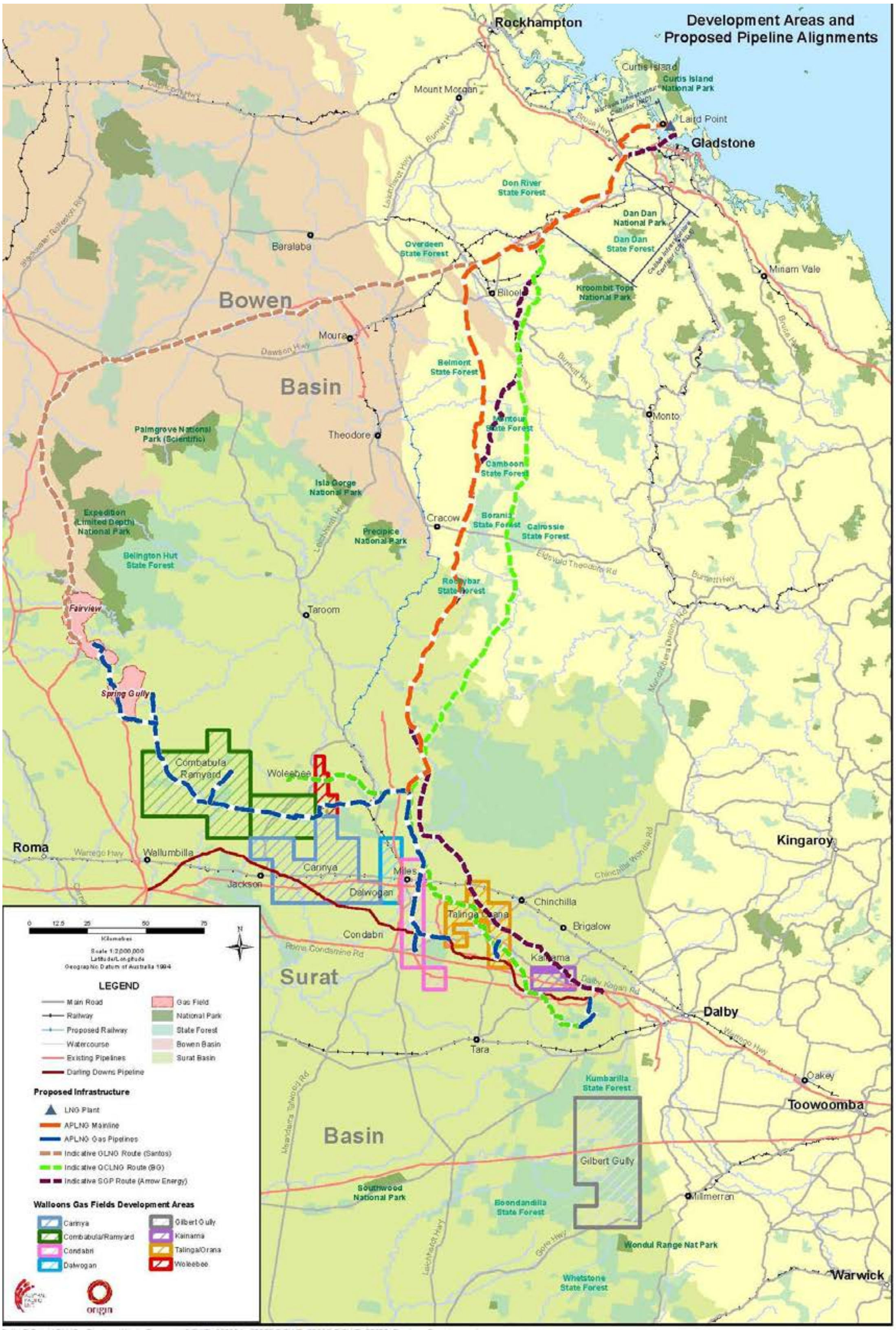
Tribunal and court decisions
Re Duke Eastern Gas Pipeline Pty Ltd [2001] ACompT 2 (***Re Duke EGP***)
Re Services Sydney Pty Ltd [2005] ACompT 7
Legislation
Australian Energy Market Act 2004 (Cth)
Competition and Consumer Act 2010 (Cth)
National Gas Rules 2009 (NGR)
National Gas (South Australia) Act 2008 (SA) (NGL)
National Gas (Queensland) Act 2008 (Qld)

Appendix A Route of APLNG Pipeline



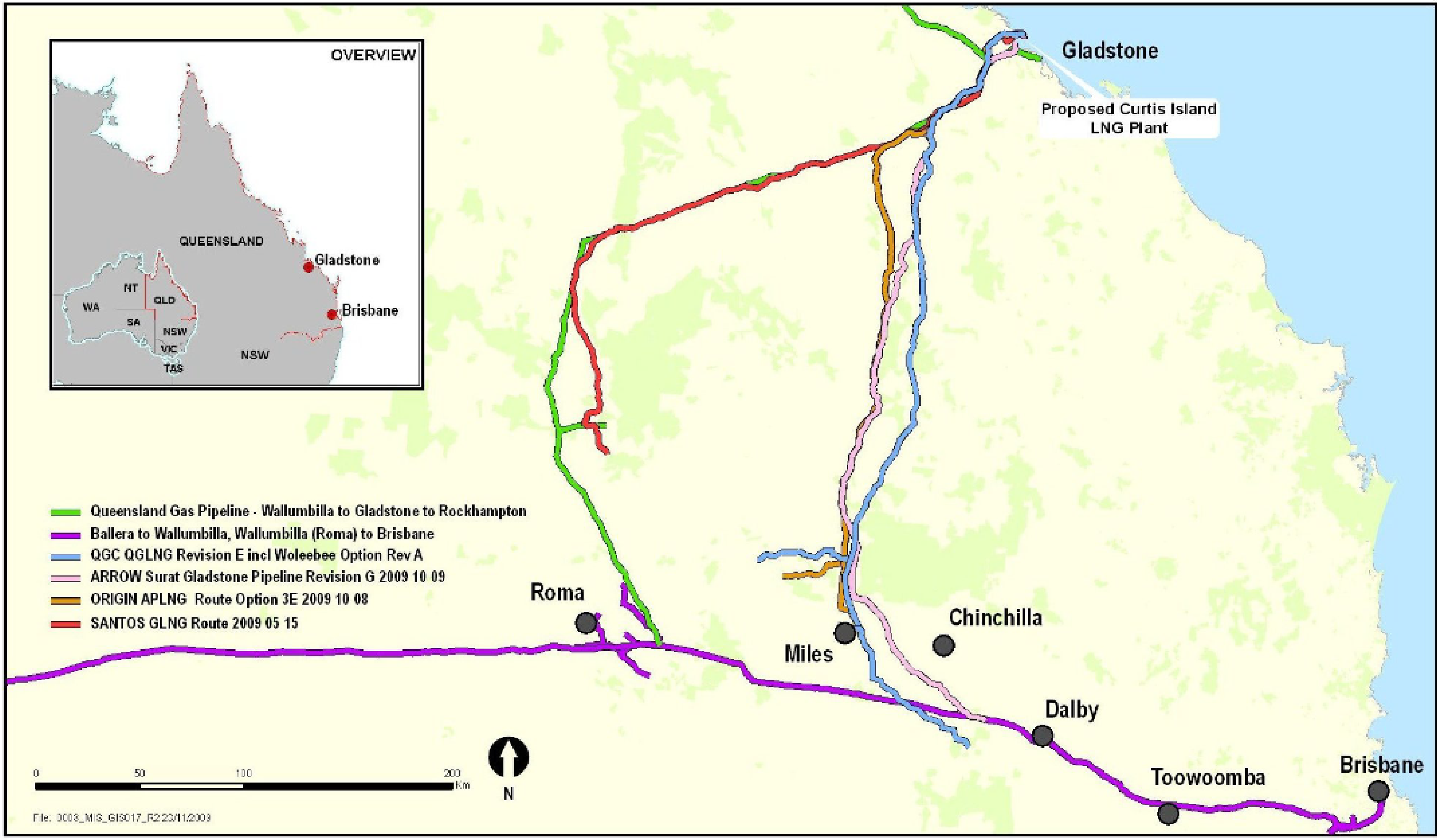
Source: Application, p 46.

Appendix B Proposed pipelines and development areas



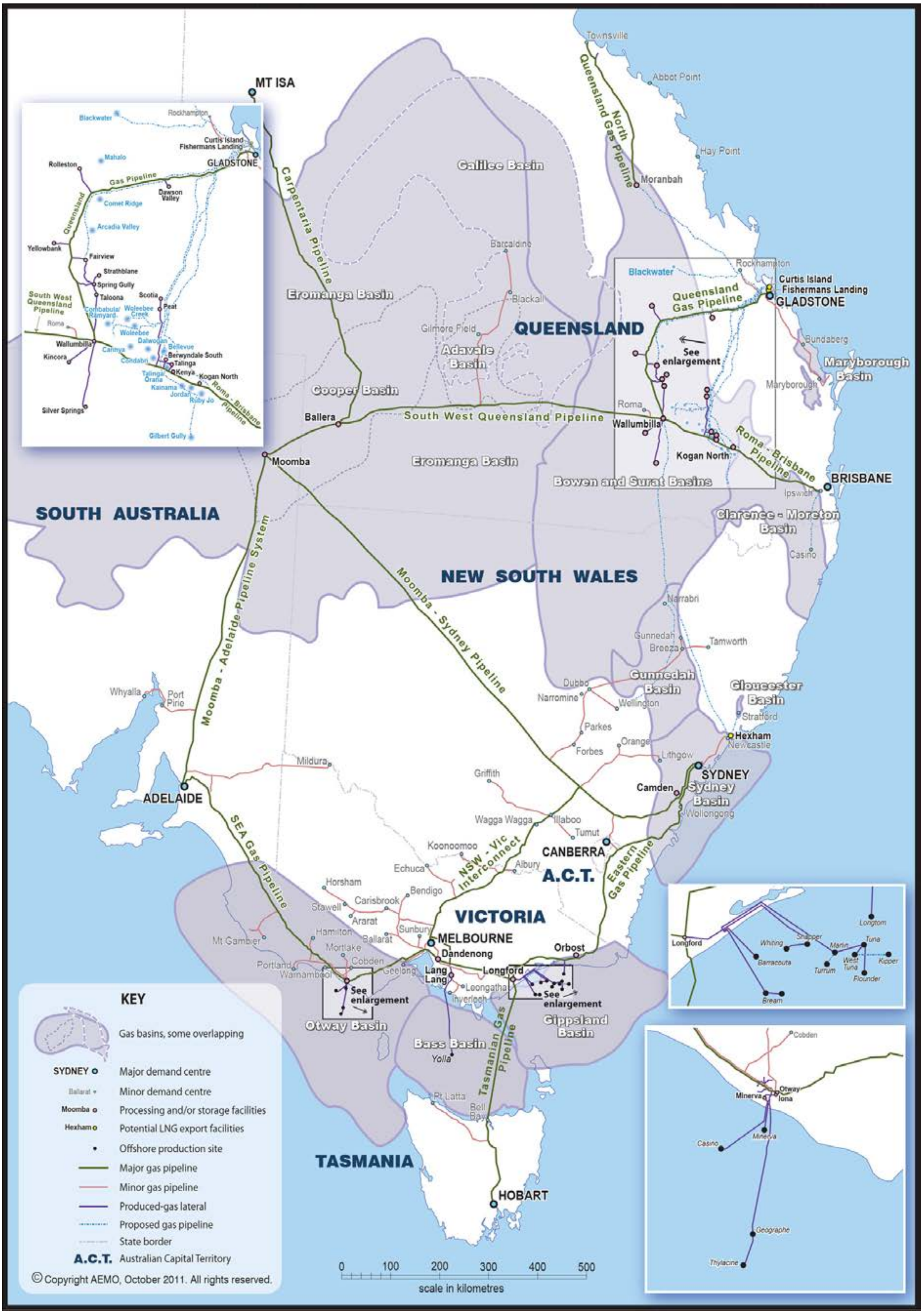
Source: Provided by APLNG

Appendix C Southeast Queensland—existing and proposed pipelines



Source: Application, p 47

Appendix D Eastern Australia gas developments



Source: AEMO 2011, p 6-2