



Australian Competition and Consumer Commission

Independent Pricing and Regulatory Tribunal of New South Wales



A.C.C.C., IPART ISSUE DRAFT DECISIONS ON CENTRAL RANGES PIPELINE

The Australian Competition and Consumer Commission today issued its draft decision on the access arrangement proposed by Central Ranges Pipeline Pty Ltd for its planned transmission pipeline in the Central Ranges of NSW. The pipeline will initially extend from Dubbo to Tamworth in NSW.

The ACCC is currently the regulator of the Central Ranges transmission pipeline under the national gas code. However it is intended that this function will pass to the Australian Energy Regulator. In making this draft decision, the ACCC has been assisted by advice from the AER.

The Independent Pricing and Regulatory Tribunal also issued its draft decision on the access arrangement for the Central Ranges Pipeline distribution network, which will take gas from the transmission pipeline to end customers.

The ACCC and IPART had earlier approved a competitive tender process for the pipeline which established key provisions, including the reference tariffs that may be charged until 2019.

"In general, the proposed transmission access arrangement incorporates the outcomes of the tender and contains the other elements required by the Gas Code", Mr Steve Edwell, Chairman of the Australian Energy Regulator (and an ACCC associate Commissioner), said.

Mr James Cox, IPART Chief Executive Officer and Full-time Member, said that this is also true for the proposed distribution access arrangement.

"However, there are some areas where they fail to do this and the ACCC and IPART both require Central Ranges Pipeline to make a number of amendments", Mr Edwell said.

"The ACCC and IPART have been in consultation with Central Ranges Pipeline throughout the assessment of its proposals and are pleased that it has indicated its agreement with the amendments required by each", Mr Cox said.

The ACCC and IPART both invite submissions from interested parties on the draft decisions by 18 November 2005.

The ACCC's decision document on the transmission pipeline is available on the website of the Australian Energy Regulator: www.aer.gov.au or by contacting the Access Branch Administrative Officer on 02 6243 1233. IPART's decision on the distribution network is available from its website www.ipart.nsw.gov.au.

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BACKGROUND

On 3 January 2003 the Central Ranges Natural Gas and Telecommunications Association Incorporated applied for regulatory approval of a tender process in relation to the proposed supply of natural gas to the Central Ranges region of NSW. The ACCC and IPART both approved the tender approval request in accordance with the provisions of the national gas access code.

Subsequently, the association conducted a competitive tender for the supply of natural gas to the Central Ranges region of NSW. The successful tender, announced on 19 November 2003, was made by the Europacific Consortium which consisted of Europacific Corporate Advisory, Country Energy, Colonial First State and Jasdell. The service provider has now been formally incorporated as Central Ranges Pipeline Pty Ltd. Europacific Corporate Advisory put the tender package together. Country Energy is to be the operator of the Central Ranges Pipeline. Jasdell is managing the construction of the pipeline. Central Ranges Pipeline is owned by Sun Super and three funds managed by Colonial Funds Management.

On 19 May 2004 the ACCC and IPART both approved the final approval request lodged in regard to the proposed pipeline. Under sections 1.21 and 3.34 of the Code the pipeline became a covered pipeline on this date.

Central Ranges Pipeline lodged its proposed access arrangement (and access arrangement information) for the transmission pipeline with the ACCC, and for the distribution pipeline with IPART, on 23 August 2005. The ACCC and IPART are each required to review and issue decisions on the proposed access arrangements. The Code requires each access arrangement to contain the outcomes of the tender (which include the reference tariff, elements of the reference tariff policy, the additional revenue policy and the revisions commencement date), which are not subject to regulatory assessment at this time, and all the other elements mentioned in sections 3.1 to 3.20 of the Code, which are subject to this assessment process.