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APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

APA notes the release of the ACCC's East Coast Gas Report

APA Group (ASX:APA) notes the release today by the Australian Competition & Consumer Commission (ACCC) of a report which outlines its findings and recommendations from its East Coast Gas Inquiry.

Consistent with the views of the Australian Pipelines & Gas Association, APA welcomes the ACCC's findings on the need to increase gas supply which has been supported by the broader government and industry-led changes which have improved gas transmission market transparency and function over the last few years.

However, APA rejects the ACCC's conclusion that further regulation of gas transmission pipelines will assist in resolving gas supply shortage in the east coast gas markets of Australia.

APA Managing Director, Mick McCormack said, "APA welcomes initiatives that result in increased gas supply. However, the challenges of developing new gas supplies in a number of States have been obvious for a number of years. It is a perverse approach for the ACCC to consider that more regulation of the pipeline industry will contribute to solving this issue.

"The pipeline industry has invested $30 billion in infrastructure over the last 15 years at the behest, and with the agreement, of its customers and without any government subsidy. The industry has made huge investments in infrastructure and the development of innovative services to deliver what the market needs. This has supported the exponential growth of the gas industry in Australia.

"To increase regulation of pipelines will stymie further investment and innovation. It will result in pipelines being built for current demand, not future supply. This can only adversely affect future gas supply."

In respect of the commentary on monopoly pricing within the report, Mr McCormack said, "APA refutes any suggestion of monopoly pricing. Pipeline tariffs are the result of negotiations with commercially strong and savvy counterparties and often the outworking of competitive processes, as was the case with the South West Queensland Pipeline. APA is a publicly listed company with its accounts published every 6 months and continually scrutinised. Any review of APA's accounts will show that APA is not benefitting from the concept of monopoly pricing as proffered by the ACCC."

Commenting on the potential impact of the ACCC's recommendations, Mr McCormack said, "The vast majority of APA's revenue is subject to long term take or pay contracts with highly creditworthy counterparties and/or subject to existing regulatory arrangements. The revenue derived from these contracts would be unaffected by any changes that may result from any implementation of the ACCC's recommendations."

Mr McCormack said, "Natural gas provides an energy solution that will enable the world to transition to a carbon-efficient environment, whilst maintaining economic growth. A strong and responsive infrastructure sector is essential in allowing gas to fuel our energy future."

Implementation of the ACCC's recommendations would require legislative change which would typically follow further consultation to establish the requisite public benefit.

APA will continue to participate fully in industry, regulator and Government led processes. This includes Government consultation processes that consider the ACCC report and the AEMC Framework review.

Nevenka Codevelle
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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating around $19 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, Energy Infrastructure Investments and GDI Allgas Gas Networks.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, www.apa.com.au