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Attn: Energy writers

ACCC to appeal Australian competition tribunal's decision on the Moomba to Sydney pipeline

The Australian Competition and Consumer Commission today lodged an application with the Federal Court of Australia seeking judicial review of the Australian Competition Tribunal's decision on the Moomba to Sydney Pipeline (MSP) Access Arrangement.

The ACCC application is confined to the Tribunal's application of the law, consideration of evidence and reasonableness of its propositions relating to the methodology to be applied when establishing the initial capital base of the pipeline pursuant to the National Gas Code.

The Tribunal's decision, handed down on 8 July, rejected the valuation methodology applied by the ACCC and that proposed by the pipeline owner, East Australian Pipeline Ltd. Instead, the Tribunal endorsed an alternative depreciated optimised replacement cost (DORC) methodology as the preferred approach for valuing the MSP. The Tribunal's preferred methodology is to calculate the asset value by applying DORC based on the net present value of costs as opposed to DORC based on straight-line depreciation, which has been applied by regulators to date.

Editor's Note: Moomba to Sydney Pipeline is owned by Eastern Australian Pipeline Limited (not a listed company) which is a subsidiary of Australian Pipeline Trust (a listed company ASX code APA).

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