



AGL Petronas Consortium

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PNG Gas Project Authorisation – Draft Decision

The AGL Petronas Consortium (APC) is a joint venture between the Australian Gas Light Company and Petronas Australia Limited. APC is the developer of the Australian portion of the PNG Gas Pipeline (The Pipeline). The Pipeline will be over 3,800 km in length and will result in a substantial interconnected gas transmission grid across eastern Australia increasing the security of supply for Queensland, South Australia, ACT, NSW and Victoria and provide competitively priced, high volume natural gas to eastern Australia.

The Pipeline and the PNG Gas Project (the Project) are co-dependant so that neither can proceed without the other. Therefore the financial viability of the Pipeline and the financial viability of the Project are dependent upon the ability of the PNG Gas Producers to market a sufficient level of gas, not only through to Project Sanction and Financial Close of the Project but also well into the future.

Project Sanction and Financial Close of the Pipeline and the Project will involve the commitment of over \$5 billion of capital expenditure. This will require the commitment of all equity participants and loan financiers of both the Pipeline and the Project, and will be dependant upon the reliability of projected revenues.

All potential investors will require confidence in the success of marketing efforts post-financial close and as such the continuation of joint marketing is critical.

APC therefore supports the recommendation in the Draft Decision to grant an Authorisation for the joint venture participants in the PNG Gas Project to engage in Joint Marketing for a period of sixteen years from the date of Authorisation.

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AGL Petronas Consortium