



**QGC**

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Daniel McCracken-Hewson  
General Manager  
Merger Investigations Branch  
Australian Competition and Consumer Commission

By Email: [Brookfield-Origin-Merger@accc.gov.au](mailto:Brookfield-Origin-Merger@accc.gov.au)

Dear Mr McCracken-Hewson,

**QGC Pty Limited: Brookfield/Origin Submission**

**Reference: MA1000024**

1. QGC Pty Limited (**QGC**) is the Operator of the Queensland Curtis Liquefied Natural Gas Project (**QCLNG Project**), a joint venture between various related bodies corporate of QGC, CNOOC Gas & Power (AUS) Investment Pty Ltd (**CNOOC**) and TG QCLNG Pty Limited (**TG**) (currently a wholly owned subsidiary of Tokyo Gas Co, Ltd, headquartered in Tokyo, Japan) (jointly, the **QCLNG Joint Venturers**).
2. QGC is an Interested Party to the Brookfield and MidOcean application for merger authorisation for their proposed acquisition of Origin Energy.
3. QGC refers to the email sent by Mr Albert Lee, Analyst, Merger Investigations Branch to Danielle Barker, Senior Legal Counsel, QGC dated 8 August 2023, confirming the ACCC will accept a response from QGC to the Transparency Letter by Thursday, 10 August 2023.
4. QGC makes its submission to the ACCC as follows:

#### **QCLNG Project**

5. The QCLNG Project is an integrated coal seam gas to LNG project consisting of a highly segmented and flexible structure. At a high level, the QCLNG Project consists of:
  - (a) A series of unincorporated Upstream joint ventures (the **Upstream**).
  - (b) A multi-user LNG plant with a common plant operator which is a related body corporate of QGC (the **Midstream**).
6. The QCLNG Upstream Joint Venturers sell all their respective equity gas produced from the Upstream to a gas aggregator, Walloons Coal Seam Gas Pty Limited (**Walloons**). Shell, through QGC is a 75% owner of Walloons. Additionally, a significant quantity of the gas produced by APLNG from one of the Upstream joint ventures is also sold to Walloons.
7. Walloons then on sells all the gas acquired from the QCLNG Upstream Joint Venturers and from APLNG either into the Australian east coast domestic gas market or to related bodies corporate of the QCLNG Midstream Joint Venturers.

## Additional information relevant to ACCC determination

### 8. Competing Projects

- (a) On 7 October 2022, Tokyo Gas Co., Ltd announced its intention to transfer 100% of the shares in five Australian subsidiaries, including TG QCLNG Pty Limited, to MidOcean Energy (**MidOcean**) (the **Proposed TG Transaction**).
- (b) On 27 March 2023, MidOcean subsequently announced its intention to also acquire Origin Energy Limited (**Origin**). Under the transaction as announced, MidOcean will first acquire 100% of the ordinary shares in Origin and, shortly thereafter, MidOcean will divide Origin into two separate businesses. MidOcean will transfer the Origin Energy Markets business to Brookfield, whilst ultimately retaining 25% of the Integrated Gas Business (the **Proposed APLNG Acquisition**).
- (c) A significant part of Origin's Integrated Gas Business is its 25% ownership interest in the APLNG Project. The APLNG Project is a separate coal seam gas to LNG project in Queensland – one of three, together with the QCLNG Project and GLNG Project. All three produce LNG for export and supply gas into the east coast domestic gas market and are each significant producers of gas.
- (d) QGC notes that once both the Proposed TG Transaction and the Proposed APLNG Acquisition complete, MidOcean will be an owner in both the APLNG Project (holding a 25% equity interest) and the QCLNG Project (holding a 1.25% equity interest).
- (e) Specific to the QCLNG Project, on completion of the Proposed TG Transaction, MidOcean will have access to:
  - a. the QCLNG project and gas sales agreements;
  - b. all relevant commercial and technical data, including commercially sensitive information, that comes out of being a participant in the QCLNG Project; and
  - c. the LNG SPAs between the QCLNG Project Train Two participants and the relevant LNG buyers.
- (f) APLNG as an upstream participant in QCLNG already holds rights to vote upon the sanctioning of projects and expenditure within the QCLNG Project Upstream JOAs to which it is a party.
- (g) To date no party has an ownership interest in more than one of the three east coast CSG to LNG joint ventures; if both transactions complete MidOcean will be the first.
- (h) As a result, QGC is concerned that:
  - (i) MidOcean will have detailed knowledge of two of the three major LNG projects on the east coast, including the resource and reserves positions and gas supply arrangements of both projects, and a detailed understanding of how the commercial value chains of both projects work; and
  - (ii) MidOcean will be put in a position of needing to appropriately manage competitively sensitive information relating to QCLNG Project and the APLNG Project.
- (i) Given the above, QGC considers that it would be appropriate for robust ringfencing protocols and other appropriate measures to be put in place.

### 9. Sale of gas from the Upstream to Walloons

- (a) In response to the specific questions raised by the ACCC on page 10 of the Transparency Letter, QGC confirms that:

- (i) MidOcean, by virtue of the Proposed TG Transaction, will be contractually obliged to sell all its equity share of gas produced in the Upstream to Walloons; and
- (ii) MidOcean as an eventual Upstream participant and seller to Walloons will have visibility over sensitive price information and volumes.

Should the ACCC require any further detail in respect of the above, please do not hesitate to contact us.

Yours Sincerely,



Krishna Venkatesan  
Acting SVP East Australia  
QGC Pty Limited