



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL
OF NEW SOUTH WALES**

NEWS RELEASE

**IPART FINAL DECISION
ON AGL GAS NETWORKS' ACCESS ARRANGEMENT**

EMBARGO: 10AM FRIDAY 29 APRIL 2005

The Independent Pricing and Regulatory Tribunal of NSW (IPART), in its final decision on the Access Arrangement issued today, will require amendments to AGL Gas Networks' (AGLGN) proposal resulting in regulated revenue being reduced by around 7 per cent.

The Access Arrangement for AGLGN includes the Wilton to Newcastle trunk line, Wilton to Wollongong trunk line, pipelines within the AGL distribution system and AGL's Central West distribution system.

IPART's Chairman, Dr Michael Keating AC said the Tribunal's final decision takes into account the interests of all stakeholders and the risks faced by AGLGN.

Dr Keating said that a small part of AGLGN's trunk pipeline to Wollongong is redundant - a decision that will result in a small negative effect on AGLGN's revenue, but a noticeable reduction in tariffs for users of the pipeline.

IPART decided that lower expenditure than proposed by AGLGN would meet the National Third Party Access Code for Natural Gas Pipeline Systems (the Gas Code) requirements for 'prudent' and 'efficient' cost structures.

Dr Keating said IPART did not accept AGLGN's proposed rate of return on assets. He said a lower return on assets would meet the Gas Code's requirement and accurately reflect prevailing market conditions.

After an extensive review of the terms and conditions for granting access, IPART decided that in most cases they are reasonable.

Network pricing contributes around 40 per cent of the final retail costs of gas.

AGLGN, which delivers gas to 900,000 customers in New South Wales, will now submit its revised Access Arrangement, including a full list of tariffs, by 10 June 2005. The Tribunal expects the new Access Arrangement will start on 1 July 2005.

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