



5 February 2016

Australian Bureau of Statistics
Locked Bag 10
Belconnen
ACT 2616

Delivered to: prices.statistics@abs.gov.au

Re: Feedback to Information Paper: Developments in Producer Price Indexes for Natural Gas, Dec 2015

Dear Sir:

Australia Pacific LNG Pty Ltd (APLNG) is pleased to be able to provide this submission regarding the ABS's Information Paper: Developments in Producer Price Indexes for Natural Gas and we apologise for its tardiness.

Background

APLNG is a coal seam gas (CSG) to liquefied natural gas (LNG) project conducted through an incorporated joint venture among ConocoPhillips, Origin Energy and Sinopec. APLNG is also a significant supplier of gas into the Queensland domestic market, currently supplying a large percentage of Queensland's needs. The business is currently increasing its gas production to supply both its ongoing domestic gas business and an export market through its LNG facility on Curtis Island, near Gladstone. The LNG facility has a capacity of 9 million tonnes per year and exports the LNG to customers in Japan and China. Our gas exports, which commenced earlier this year, are not expected to impact the existing domestic contracts in place and the business has sufficient reserves to meet its LNG and domestic commitments.

APLNG continues to support the regulatory changes that will assist in the development of a competitive and transparent east coast gas market. As such APLNG offers the following questions and comments regarding the ABS's development of an additional producer price index for natural gas on the east coast.

1. Benefit of Additional Gas Index

Per the ABS document, the ABS already publishes the following gas related indexes:

- CPI index for Gas and Other Household Fuels
- Export price index for Gas
- PPI for Industrial Gas Manufacturing
- PPI for Pipeline Transport

- PPI for natural gas to 8 manufacturing subdivisions (collected from gas producers, retailers and wholesalers)

We do not appreciate the benefit that another gas index will bring to the market above the current indexes. In addition, as the east coast gas market becomes more liquid and transparent in fulfilment of COAG's Vision, more price information will be available from other sources - Wallumbilla Gas Supply Hub and the STTM's - and could be a much better indicator of current price movements rather than an index of longer term contracts that will probably default to a percentage of the CPI.

2. Changing Contract Terms

As indicated in the Information Paper, the recent trend for gas contracts is for shorter terms. Assuming this trend continues, we believe it will also be more difficult to maintain a sample set of contracts over time and more difficult to substitute contracts with comparable terms. We believe that this will make the resulting index less effective or reliable for its intended purpose.

3. Requirements Unclear

It is not clear in the Information Paper what the objectives are for the index or who the intended users will be. More clarity would also be helpful for how many more providers are required and what information is required. Only after understanding the detailed requirements can an accurate cost/benefit be assessed. As a producer and potential contributor to the index, APLNG would like to understand what data is currently provided and what additional information would be required.

Thank you for the opportunity to make this submission on the ABS Producer Price Index for Natural Gas and share our views on its development.