

10 April 2025

Mr. Cain Fleckhammer  
Director, Gas Pipelines Team  
Consumer, Policy & Markets Division  
Australian Energy Regulator  
23 Marcus Clarke Street  
Canberra, ACT, 2601

Dear Mr. Fleckhammer,

### **Australian Energy Regulator's Draft Decision - Kurri Kurri Lateral Pipeline classification**

The Justice and Equity Centre welcomes the opportunity to respond to the Australian Energy Regulator's (AER) Draft decision Kurri Kurri Lateral Pipeline (KKLP) classification.

We do not support classifying the 24-kilometre storage infrastructure and compressor station of the KKLP as a transmission pipeline. Our understanding of the proposal suggests this infrastructure should more appropriately be regarded as a dedicated storage asset associated with the Kurri Kurri gas generator, with its costs recovered directly from the operator of the generator.

We are concerned that classifying the storage infrastructure as a transmission pipeline has cost implications for consumers and is, consequently, not in the long-term interests of gas consumers. Classification as a transmission asset may result in gas consumers carrying associated costs and effectively subsidising an electricity generation asset, benefitting the operators of the generator.

The 24-kilometre infrastructure segment described as a 'storage pipeline', is located downstream of the point gas is taken for consumption (and the compressor station) and is specifically designed to retain gas for use at the Hunter Power Project. Accordingly we do not consider it to fall within the definition of a 'pipeline' under section 2 of the National Gas Law (NGL).

Section 2 of the NGL, defines a 'pipeline' as:

- (a) a pipe or system of pipes for the haulage of covered gas, and any tanks, reservoirs, machinery or equipment directly attached to that pipe or system of pipes; or

(b) a proposed pipe or system of pipes for the haulage of covered gas, and any proposed tanks, reservoirs, machinery or equipment proposed to be directly attached to the proposed pipe or system of pipes; or

(c) a part of a pipe or system of pipes or proposed pipe or system of pipes referred to in paragraph (a) or (b),

but does not include--

[...]

(g) any tanks, reservoirs, machinery, plant, facility or equipment used to remove or add components to or change covered gas (other than odourisation facilities) such as a gas processing plant or blend processing facility; or

(h) anything downstream of a point on a pipeline from which a person takes covered gas for consumption purposes;

[...]

The 24 kilometers of pipe for gas storage, is not a pipeline (as defined in section 2 NGL) as it is:

- Not for the haulage of covered gas, and
- Is located downstream of the point from which covered gas is taken for consumption.

Further, the compressor station is a facility (plant/machine) to change covered gas, and hence also not a pipeline. In its application APA recognise the compressor station is at the end of the transmission pipeline.

The compressor station, and 24 kilometers of pipe, designed to store up to 70 terajoules of gas at the required inlet pressure for the Hunter Power Project is in effect an on-site gas storage facility. As the gas within this segment is taken for exclusive consumption by a generator, this infrastructure is more appropriately classified as a dedicated generation asset.

Accordingly, we recommend the AER not classify the compressor station, and 24 kilometres of pipe infrastructure as a transmission pipeline.

Yours sincerely,

**Douglas McCloskey**  
**Program Director, Energy and Water Justice**

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