



MEDIA RELEASE

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ACCC ISSUES FINAL DECISION ON ACCESS ARRANGEMENT FOR APA VICTORIAN TRANSMISSION SYSTEM

APA Group (APA) notes that the Australian Competition and Consumer Commission (ACCC) has today released its Final Decision on the proposed 2008-2012 Access Arrangement for APA's regulated Victorian transmission system. APA acquired the transmission system as part of its 2006 acquisition of GasNet.

The Final Decision specifies the revisions to APA's proposed Access Arrangement which the ACCC requires to be made before it will approve the Access Arrangement.

APA's response to the Final Decision, which includes submitting a revised Access Arrangement, is due on 21 May 2008. Following this, the ACCC will make its final determination on whether or not to approve the revised Access Arrangement.

APA notes that there is substantial improvement in the Final Decision over the Draft Decision issued in November 2007. The ACCC has accepted APA's proposals and submissions on a number of issues, including non-capital costs and some capital expenditure.

APA Managing Director Mick McCormack said "We need some time to fully analyse the Final Decision, but our initial review indicates it is broadly within the reasonable range of expected outcomes. It seems that the ACCC has accepted our arguments in response to many of the key matters in its Draft Decision.

"We particularly welcome that the ACCC has accepted that non-capital costs should not be reduced immediately to reflect assumed synergies arising from APA's acquisition of GasNet, but that these savings should flow to consumers in future regulatory periods under an efficiency incentive mechanism. Additionally, the weighted average cost of capital specified in the Final Decision reflects the significant changes in market conditions, including debt costs.

"We and the ACCC have differing views on the need for capital expenditure to ensure reliability of gas delivery in some areas of Victoria. The regulatory regime allows us to go back to the ACCC to seek approval for such expenditure in the future, and we will certainly do this if we believe there is the possibility of security of supply being threatened."

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About APA Group (APA)

APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in almost 12,000 kms of natural gas pipeline infrastructure, over 2,300 kms of gas distribution networks in south east Queensland, Coal Seam Gas processing plants, gas fired power stations, gas storage facilities and two high voltage direct current interconnector systems.

APA manages and operates all its assets and also provides management and operation services to gas distribution and transmission company Envestra (which owns 19,100 km of natural gas distribution networks and 1,029 km of natural gas transmission pipelines). It also holds a 17.8 percent stake in Envestra and a one-third interest in the SEAGas pipeline. APA Group has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, RioTinto, Nickel West, Synergy and Verve Energy.