

capacity trading.



APA offers a Capacity Trading service to streamline the implementation of trades between sellers and buyers of pipeline capacity.

Pipeline capacity and trading

Pipeline capacity refers to the right to transport gas through a transmission pipeline. APA offers a streamlined service for the transfer of capacity between shippers (users of gas transportation services). This service provides benefits to shippers by simplifying the implementation of capacity trades, preserving confidentiality and eliminating the need for lengthy negotiations.

Background

Australia's gas market is changing rapidly, and the needs of shippers are changing with it. One of the ways APA has responded to customer needs in this dynamic environment is the development of the Capacity Trading service, which improves market flexibility for seller and buyer of gas, helping them source and utilise pipeline capacity to transport gas.

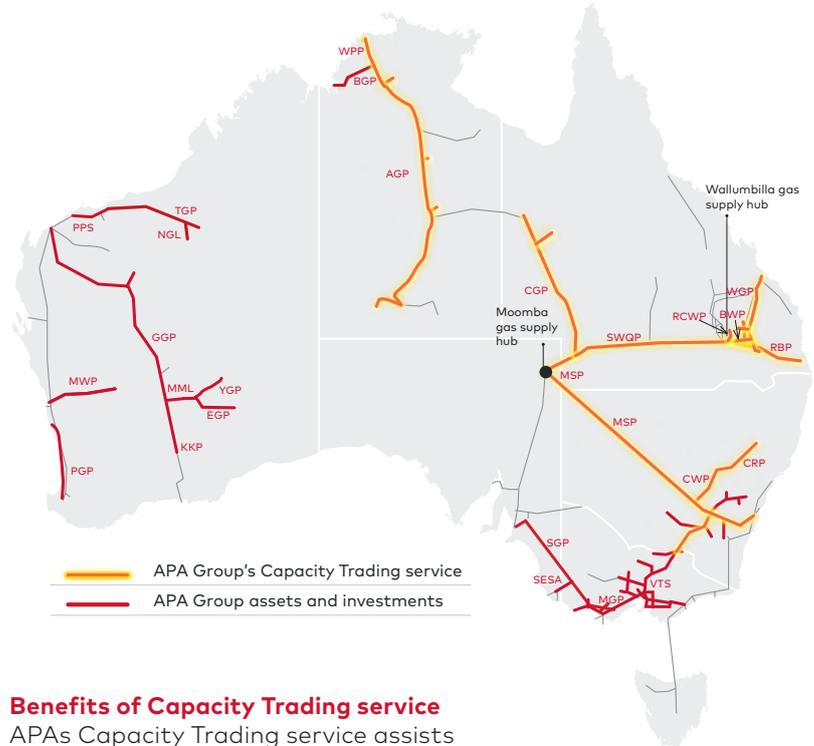
APA's Capacity Trading service was developed in consultation with market participants and addresses key barriers to the trading of short-term pipeline capacity. Shippers are still free to implement trades using traditional approaches and not use the new service.

The Capacity Trading service follows APA's introduction of the In Pipe Trade service and a number of other services to aid the development of the gas market. The In Pipe Trade service assists shippers to implement bilateral trades of gas by facilitating the swapping of gas within a pipeline.

Both services complement and support the Wallumbilla and Moomba Gas Supply Hubs.

Where is the service offered?

Capacity Trading will be offered nationally on most APA pipelines.



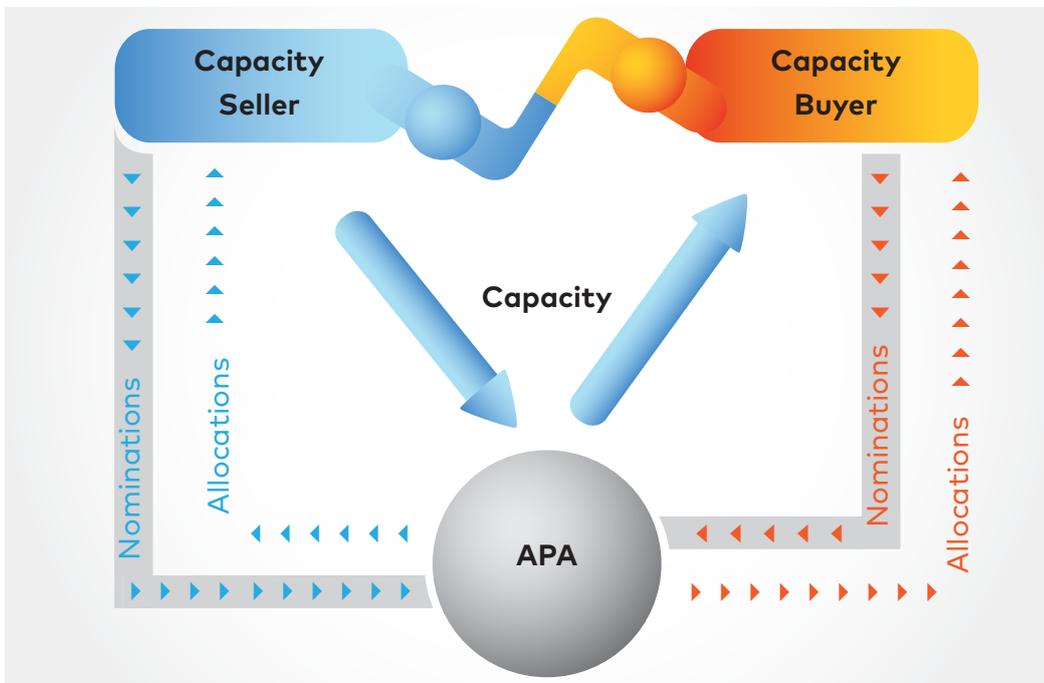
Benefits of Capacity Trading service

APAs Capacity Trading service assists shippers to buy and sell firm forward-haul capacity and to transfer that capacity in the APA Grid customer portal (customer management system). The new service has several benefits not available from the traditional method of implementing capacity trades.

The APA Grid customer portal preserves the confidential nature of the individual seller's and buyer's information about the utilisation of that capacity.

It also means that the seller of capacity is not responsible for administering the exchange of information about transportation requirements between the buyer and APA on a daily basis. This will streamline capacity trading for sellers.

As capacity is transferred from the seller to the buyer in the APA Grid customer portal and this is linked back to the shippers' agreements with APA, the operational obligations in relation to the traded capacity are transferred to the buyer. This results in a more appropriate allocation of risk.



How does it work?

APA's Capacity Trading service is unique in that it transfers the firm capacity from the seller to the buyer in the APA Grid customer portal. This transfer of capacity involves a triangular relationship (see figure above) between the seller, the buyer and APA, where APA manages information flows for the commercial operation of the pipeline (nominations and allocations).

APA's Capacity Trading service ensures commercially sensitive information concerning the buyer's use of capacity is exchanged only between the buyer and APA.

Once a trade is agreed, the seller registers details of the transaction using the APA Grid customer portal and the buyer confirms the details. Each party's capacity is then adjusted within the APA Grid customer portal.

The Capacity Trading service is available to new and existing shippers that enter into an agreement with APA for the service.

To trade capacity using the Capacity Trading service, shippers need to have a gas transportation agreement in place with APA. For new shippers, this can be arranged by contacting APA.

Further information

- commercial.contracts@apa.com.au
- www.apa.com.au