



Australian Pipeline Industry Association Ltd

MEDIA RELEASE

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EMISSION TRADING WILL COST GAS COMPANIES MILLIONS

The gas transmission industry has today warned the Government's climate change expert, Professor Ross Garnaut, that the industry could be severely disadvantaged by an Emissions Trading Scheme if the transportation companies are prevented from recouping costs.

In its submission on the Garnaut discussion paper, the Australian Pipeline Industry Association says that most gas transmission companies provide transportation services under long-term contracts and if an ETS is introduced during the terms of these contracts, the companies will face substantial costs if those costs cannot be passed through.

"These long-term contractual arrangements have been entered into before an ETS was being considered, so the costs of an ETS might not be factored into the contracts," APIA Chief Executive Cheryl Cartwright said.

"If the ETS is introduced before these contracts expire, the gas transmission companies must be able to pass on the costs they will face. The ETS must ensure that the responsibility for emissions is directed to the appropriate entity.

"The gas transmission companies are very keen to work with Government to ensure the success of an ETS, but it could cost these businesses millions of dollars."

In its submission, APIA said that pipeliners are contracted to transport gas and do not determine the use of the product. Therefore, some form of transitional arrangement will be required to ensure emissions costs do not impose a prohibitive and unfair burden on pipeliners.

APIA also recommended that any MRET or similar scheme should be phased out with the introduction of an ETS. If the scheme is not phased out, APIA recommends that the definition of the scheme be extended to include natural gas.

"If an MRET is introduced without this broadening of its definition, the high cost of renewable energy could encourage power generators to increase their use of coal to help reduce costs."

The industry also reminded the Government that investment in gas transmission infrastructure is privately funded.

"This industry stands ready to make further investment in transmission infrastructure, so any consideration of public investment is unwarranted," Ms Cartwright said.

"The industry simply needs the appropriate policies and economic conditions in order for this investment to occur.

"The industry also stands ready to invest in pipelines to transport sequestered carbon from coal-fired power generation, should carbon capture and storage technology be further developed.

"But it should be noted that transportation of CO₂ provides further technical challenges and investment in research is essential."

Media contacts:

Cheryl Cartwright 0419/996066
Chief Executive, APIA

Kevin Skinner 08/82349555
Field Public Relations

Registered Office of:

Australian Pipeline Industry Association Limited, Level 1, 7 National Circuit, Barton ACT 2600.

Mailing Address: PO Box 5416, Kingston ACT 2604

Telephone: (02) 6273 0577 Facsimile: (02) 6273 0588 Email: apia@apia.asn.au

ABN: 29 098 754 324 ACN: 098 754 324