

in pipe trade.



APA now offers an In Pipe Trade service to facilitate the transfer of gas between users of gas transportation services for gas volumes either received or stored on the pipeline.

This innovative service allows any gas quantities received into the pipeline to be traded irrespective of the physical receipt point. The service also provides flexibility for shippers to source and trade gas on both a short and long term basis.

Customers subsequently transfer and manage the flows of gas related to those trades via the APA customer information portal (APA Grid), using normal nomination processes.

What is In Pipe Trading?

In Pipe Trading refers to the ability of shippers to transfer gas volumes received or stored on the pipeline to other shippers.

The shipper buying gas can nominate to receive quantities from a non-location specific virtual receipt point within the pipeline.

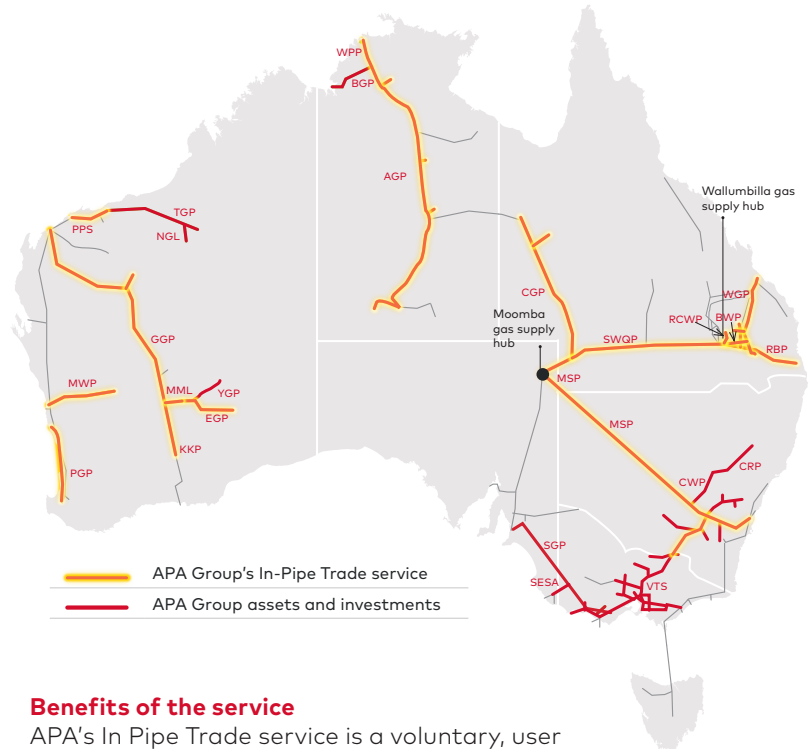
The shipper selling gas then nominates to deliver gas to the buyer's account at that virtual delivery point. Standard Gas Transportation Agreement nomination rules apply to the trade and include intra-day nomination provisions. In Pipe Trading is available between shippers with a current Gas Transportation Agreement that includes a standard In Pipe Trade Service.

The In Pipe Trade service benefits shippers wishing to trade gas with third parties. Shippers are also able to use the In Pipe Trade functionality to correct account imbalances.

The In Pipe Trade functionality is included as part of the standard nomination process.

Where is the service offered?

The In Pipe Trade service is offered on most APA pipelines.



Benefits of the service

APA's In Pipe Trade service is a voluntary, user pays service that offers shippers the ability to manage the receipt and delivery of gas that has been traded at virtual receipt and delivery points on the pipeline.

The service provides shippers with the flexibility to source gas on a short and long term basis and reduces the administrative burden associated with shipper management of gas accounting and balancing following a trade.

The In Pipe Trade service streamlines trading activity at the Wallumbilla Gas Supply Hub on the Roma Brisbane Pipeline and South West Queensland Pipeline nodes and, as such, enhances gas trading liquidity in that market.

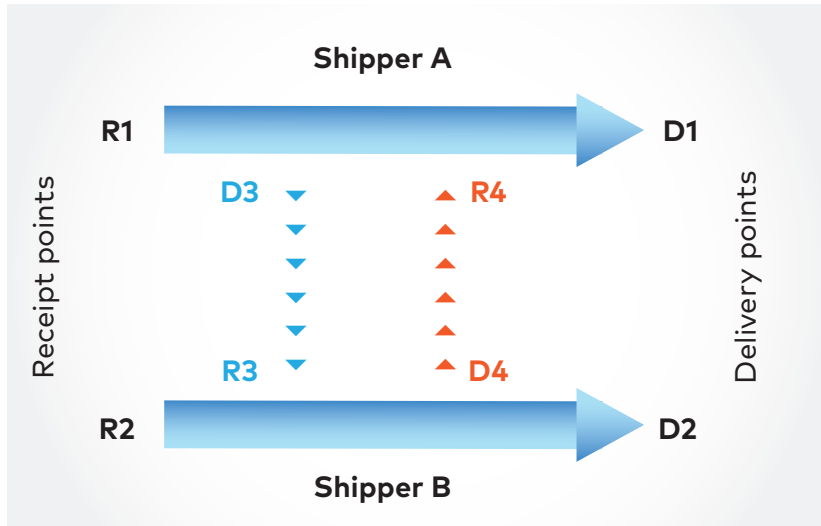
When combined with APA's Capacity Trading service, APA's In Pipe Trading service provides existing and new shippers with increased flexibility to manage their gas portfolios throughout the value chain, from the major supply hubs located at Moomba and Wallumbilla, to the Short Term Trading Markets in Brisbane and Sydney, as well as the Declared Wholesale Gas Market in Victoria.

How In Pipe Trading works

The buyer and seller of gas bilaterally negotiate the terms of the sale and purchase of gas. The buyer and seller are then able to manage the receipt and delivery of gas that has been traded at virtual receipt and delivery points on the pipeline using the In Pipe Trade service.

The service provides for the creation of virtual receipt points (for example, R3 & R4) and virtual delivery points (for example, D3 & D4) between shippers, as depicted in Figure 1 below.

FIGURE 1: IN PIPE TRADE DIAGRAM



In Pipe Trade scenario

Shipper A nominates to receipt gas (10TJ) into the pipeline at physical Receipt Point 1 (R1). Shipper B nominates to receipt gas (5TJ) into the pipeline at physical Receipt Point 2 (R2).

Once the gas is physically held in the pipeline Shipper B can purchase gas (5TJ) from Shipper A (moving Shipper A's inventory into Shipper B's account).

To do this Shipper A must nominate to deliver gas (5TJ) to Shipper B at virtual Delivery Point 3 (D3). To accept the gas, Shipper B must nominate to receipt gas (5TJ) from Shipper A at virtual Receipt Point 3 (R3).

Once the gas has been traded (gas has swapped accounts), Shipper A will then nominate for the remainder of its gas (5TJ) in the pipeline to be delivered at physical Delivery Point (D1). Shipper B will nominate to deliver its existing and new gas (10TJ) to physical Delivery Point (D2).

The physical receipt and delivery point nomination for each shipper must be within the contractual maximum daily quantity of respective shipper Gas Transportation Agreements.

How do I access the service?

To access the In Pipe Trade service, shippers require a current Gas Transportation Agreement with APA that includes the In Pipe Trade service provisions. This can be arranged by contacting APA.

Further information

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