

## AGL And QGC To Develop SE QLD Gas Pipeline

**A**GL Energy Limited has announced an agreement with Queensland Gas Company Limited (QGC) to develop and, subject to gaining the necessary approvals, construct the Berwyndale to Wallumbilla gas pipeline (BWP) in southeast Queensland.

The 115 km, 400 mm high pressure pipeline will run from a point approximately 8.5 km east of the township of Miles adjacent to the Condamine

Power Station, which QGC is constructing, to the Wallumbilla gas hub. The pipeline is scheduled to be operational by January 2009. The BWP is expected to cost around \$70 MM, with AGL funding the scheme through existing cash reserves and debt facilities.

Under the terms of the agreement, QGC has an option to take a 50% share in the pipeline project, in which case an unincorporated joint venture will be formed between AGL and QGC

to own and operate the pipeline.

Announcing the transaction, AGL Managing Director, Mr Michael Fraser, said, "AGL considers the BWP will provide the optimum long-term commercial outcome for AGL to transport gas from QGC to access western Queensland and southern markets."

"The BWP will provide a long term gas transportation solution for AGL to support the QGC contract over the period 2009 to 2027, and will also provide AGL with significant flexibility and options over future capacity, including access to gas parking and gas lending services", Mr Fraser said.

QGC Managing Director Richard Cottee described the deal as a major commitment to development of gas transportation infrastructure.

**"The BWP will provide a long term gas transportation solution."**

– Michael Fraser

"This pipeline, combined with the Ballera to Moomba pipeline interconnect currently being completed by EPIC and AGL, will allow for the efficient northern and southern distribution of up to 740 PJ of gas purchased by AGL under a long term gas sales agreement with QGC. From QGC's perspective, it alleviates what has been a major constraint in Queensland's gas transportation network and supports additional gas marketing opportunities for QGC. We have invested significant energy into the development of the pipeline in line with our commitment to improve gas transportation infrastructure and open access to new markets", he said.

While AGL considers that its participation in the development and construction of the Berwyndale to Wallumbilla gas pipeline is the optimum commercial solution, it does not consider the asset as core to its long term strategy. AGL intends to sell its share of the pipeline following construction and commissioning of the project, and will enter into a long term gas transportation agreement on appropriate terms prior to the sale of its share. ■