

# MEDIA RELEASE



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## **DRAFT DECISION FOR JOINT MARKETING OF NT GAS**

The Australian Competition and Consumer Commission (ACCC) has released a draft determination proposing to authorise joint gas marketing arrangements between Central Petroleum (ASX: CTP) and Macquarie Mereenie.

Central and Macquarie are joint venture partners at the Mereenie oil and gas field, which is located in the Amadeus Basin in the Northern Territory, approximately 250 km west of Alice Springs.

In order to allow the development of Mereenie gas as soon as possible, the ACCC has granted interim authorisation, which allows the parties to begin negotiating joint supply agreements with customers pending the ACCC's final determination.

Central and Macquarie propose to jointly market gas produced from the Mereenie field and give effect to gas supply agreements with customers with common terms and conditions including price. The companies have applied for authorisation through the ACCC because without it, the joint marketing arrangement would likely breach competition laws.

"The ACCC's preliminary view is that joint marketing is likely to encourage investment to increase gas production at Mereenie. Bringing forward new gas supply benefits the public, particularly once the Northern Gas Pipeline links the Northern Territory to east coast gas markets for the first time later this year," ACCC Chairman Rod Sims said.

"Supply of affordable gas available for east coast customers is tight, particularly in southern parts of Australia which is putting significant pressures on consumers and businesses. We were very mindful of this in granting interim authorisation."

Where commercially viable, separate marketing is generally preferable as it results in more competitive outcomes. However, in this instance, the ACCC identified minimal, if any, public detriment resulting from time-limited joint marketing.

Customers in the NT-Mount Isa region appear to have the option of alternative sources of supply, such as Power and Water Corporation from the Blacktip Field in the NT, and suppliers from the Cooper Basin and potentially the Galilee Basin.

"These alternatives are likely to constrain Central and Macquarie if they were to attempt to offer their gas at higher prices or on less flexible terms," Mr Sims said.

The ACCC proposes to grant authorisation for the parties to engage in joint marketing for three years. Any agreements entered into during that period must end no later than 31 December 2028.

The ACCC invites submissions from interested parties on the draft determination before it issues its final determination.

## **Background**

Central Petroleum Limited (ASX: CTP) is operator of the Mereenie field and 50% participant in the Mereenie joint venture. Macquarie Mereenie Pty Ltd, ultimately owned by Macquarie Group Limited (ASX: MQG), is also a 50% participant in the Mereenie joint venture.

Joint marketing will apply only at Mereenie, not to gas produced from other fields owned or operated by the Applicants.

Any gas supply agreements (GSAs) entered into during a period of interim authorisation are be subject to and fully conditional upon the ACCC's final determination.

During a period of joint marketing, Central and Macquarie intend to develop new reserves at Mereenie, estimated at between 110-185 PetaJoules (PJ), by drilling two new wells at the field. Central and Macquarie intend to make an additional 15 PJ per annum available for supply into the Northern Gas Pipeline.

One PJ is enough gas to supply the residential needs of Warrnambool, Wollongong or Penrith, or a large industrial user for a full year.

The Northern Gas Pipeline will link the Northern Territory to the east coast gas market in late 2018. It will run between Tennant Creek and Mount Isa.

## **Notes to editors**

Authorisation provides statutory protection from court action for conduct that might otherwise raise concerns under the competition provisions of the Competition and Consumer Act 2010. Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment.

Further information is available at [www.accc.gov.au](http://www.accc.gov.au)