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Mr Gary Henry
Director, Energy
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

By email: gas@qca.org.au

24 October 2008

Re: APT Allgas FRC Cost Pass-through Application

Dear Mr Henry

AGL Sales (Queensland) Pty Limited (**AGL**) is pleased to provide comments on the Queensland Competition Authority (the Authority) draft decision regarding APT Allgas Energy Pty Limited (**APT Allgas**) FRC cost pass-through application.

AGL's Queensland natural gas customer base of approximately 70,000 customers is primarily located in the APT Allgas distribution area.

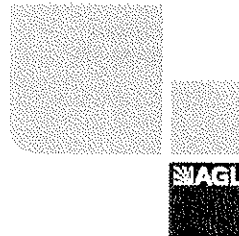
As stated in AGL's initial submission, AGL supports the principle of cost recovery. At the same time, it is imperative that these costs must or will be incurred and relate to the FRC process and have not been previously allowed for. AGL's overall position is to support the Authority's draft decision in quantifying APT's cost pass through application on this basis.

In addition, AGL notes that the Authority has proposed a draft decision more attributable to servicing a small gas distribution system.

AGL's detailed observations are addressed in detail below.

Allowance for FRC costs

AGL supports the Authority's assessment that costs allocated under the access arrangement for the implementation of the PEACE system should be viewed as an overall capital expenditure cost recovery item, and therefore netted off APT's IT costs relating to the implementation of FRC.



Demonstration that costs have been or will be incurred

AGL supports the Authority's assessment that there is insufficient information provided by APT that the GIS system is required for FRC purposes.

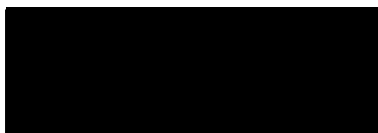
Market participation costs have been evidenced to be minimal with industry meetings taking place in Queensland, and on an infrequent basis. This would have resulted in a minimal cost for APT to attend these forums. AGL acknowledges that APT has been required to attend additional meetings outside general participant forums, and supports the Authority's recommendation that these costs would not be excessive.

Interval Meter Capital Expenditure

AGL notes that APT has received cost pass through for rolling out interval meters for the preceding 2 years and as yet have not commenced installing these meters. AGL notes that these meters are required to be installed by APT over the next 8 months and seeks the support of the QCA to ensure that this occurs, and that the installations operate as required.

If you have any queries or would like further information please do not hesitate to contact Andrew Robertson on (03) 8633 6045

Yours sincerely,



Elizabeth Molyneaux

General Manager Energy Regulation