

From:  
Mobil Oil Australia Pty Ltd  
(As Operator of Melbourne JUHI Joint Venture)  
Level 9, 664 Collins St  
Docklands Vic 3008

22 March 2019

To:  
The Commissioners  
Economic Regulation of Airports

via e-mail: [airports@pc.gov.au](mailto:airports@pc.gov.au)

Re: Economic Regulation of Airports - Productivity Commission Draft Report

Dear Commissioners

The participants of Melbourne Joint User Hydrant Installation (JUHI) Joint Venture (JV), an unincorporated JV that owns and operates the jet storage and hydrant facilities at Melbourne airport, note that the following information has been requested by the Productivity Commission from fuel infrastructure owners as part of the draft report released into the Economic Regulation of Airports:

- I. return on assets for the terminals, pipelines, Joint User Hydrant Installation (JUHI) infrastructure and into-plane services
- II. terms of third party access, including price, to infrastructure services for the provision of jet fuel
- III. the number of applications for access to JUHI infrastructure that have been successful and unsuccessful over the past 10 years
- IV. details of the JUHI access application process, including the information required from access seekers, time taken for a decision on access to be made and reasons as to why access seekers were unsuccessful
- V. the assessment process for granting access to JUHI infrastructure at individual airports.

The Operator of Melbourne JUHI, Mobil Oil Australia, provides the following in respect of the requested information:

- I. **Return on assets for the terminals, pipelines, Joint User Hydrant Installation (JUHI) infrastructure and into-plane services**

The JV wishes to note that the JUHI is an unincorporated JV comprised of 4 participants (Viva Energy, BP, Caltex and Mobil) and as such is unable to provide details of individual company rates of return. It also notes that the function of the JV is limited to the provision of infrastructure services for the storage, receipt and delivery of fuel at Melbourne airport and is not involved in either the sale of jet fuel to airlines nor the utilization of terminals, pipelines and into plane assets for the supply of jet fuel to airlines. As such, this information is a matter for individual companies to address.

- II. **Terms of third party access, including price, to infrastructure services for the provision of jet fuel**

Melbourne JUHI JV wishes to advise that as of 1<sup>st</sup> February 2018, third party access to the fuel storage and hydrant facilities is available to parties that meet the qualification criteria as set by the terms of the JUHI's lease of the fuel facilities with Australia Pacific Airports (Melbourne) Pty Ltd. The JV has provided detail of the relevant clauses from the lease in confidence to the Commission as the lease is a commercial in confidence agreement.

To help clarify the Commissions understanding of applicant's access to upstream and downstream components of the supply chain, an applicant shall be able to supply and withdraw jet fuel to the JUHI in accordance with the JUHI jet fuel specifications. By default this means the applicant shall have access to upstream and downstream components of the supply chain.

Third party users are required to enter into a User Agreement for access to infrastructure services along with global standard '*Aircraft Refueling Indemnification Agreement*' and Aviation '*Core Principles*' as provided by the Joint Inspection Group (JIG). The User Agreement is the intellectual property of Melbourne JUHI JV participants collectively; the agreements provided by JIG are provided to member companies only. The JV has provided detail of these commercial agreements in confidence to the Commission.

All users of the facility are subject to the same terms and conditions of use and are charged the Reference Tariff/s for services that have been utilised. The Reference Tariff/s are set by the JV on an annual basis and listed on the JUHI's website for applicants and users. Melbourne JUHI JV has provided the Commission with the current Reference Tariffs in confidence.

### **III. The number of applications for access to JUHI infrastructure that have been successful and unsuccessful over the past 10 years**

Since the fuel facilities were made available for third party access, the Operator has received five inquiries regarding infrastructure services at Melbourne JUHI. One party has proceeded to apply for and has been granted access to infrastructure services. There have been no unsuccessful third party applicants for infrastructure services.

In addition to third party access, Melbourne JUHI JV operates an equity participation model, whereby new entrants to the JV are permitted subject to the terms of the Melbourne JUHI JV's Joint Venture Agreement. No parties have applied to enter the JV over the past 10 years, however 3 inquiries were received from parties during this period. These parties did not proceed for reasons unknown to Melbourne JUHI JV.

Note that strict confidentiality protocols are in place globally for member companies associated with jet fuel facilities that adhere to standards set by JIG (these are known as '*Core Principles*'). As such, commercially sensitive information relating to individual companies associated with JUHI JVs cannot be shared and is only accessible to the Operator strictly in this capacity only. For this reason the company names above have not been provided.

### **IV. Details of the JUHI access application process, including the information required from access seekers, time taken for a decision on access to be made and reasons as to why access seekers were unsuccessful**

Details of the JUHI's application process, including the process, information required from applicants and timeframes for decision making are available online and can be found at

<https://www.tullamarineairportfuelfacility.com.au/>

For ease of reference, these details have been attached to this correspondence along with *'Frequently Asked Questions'* which can also be found on the website to guide potential applicants through the process.

**V. The assessment process for granting access to JUHI infrastructure at individual airports.**

As advised above, assessment of a third party's ability to gain access to infrastructure services is determined by whether they meet the qualification criteria set by the terms of Melbourne JUHI's lease. The relevant clauses from the lease have been provided to the Commission in confidence as the lease is a commercial in confidence agreement.

Should the Commission require further information from Melbourne JUHI JV, please do not hesitate to contact the Operator on the details below.

Yours sincerely

John Waddick

Joint Venture Manager, Australia

On behalf of Melbourne JUHI Joint Venture