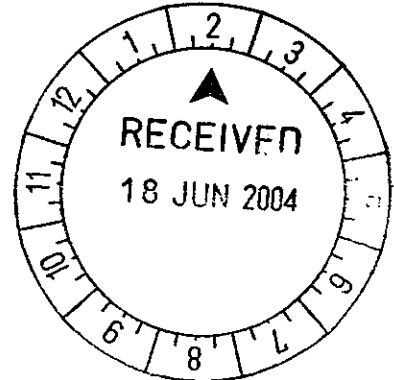


15 June 2004

Lyndon Rowe  
Chairman  
Economic Regulation Authority  
Level 6, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000



Dear Mr Rowe

**SUBMISSION TO ECONOMIC REGULATION AUTHORITY OF WESTERN AUSTRALIA  
INCENTIVE MECHANISMS FOR NATURAL GAS PIPELINE SYSTEMS**

Origin Energy (Origin) would like to thank the Economic Regulation Authority for providing the opportunity to present our views on incentive mechanisms for access to natural gas pipeline systems.

Origin is a leading Australian energy company that supplies natural gas, electricity and liquid petroleum gas (LPG) to more than 2 million business and residential customers in Australia, New Zealand and the Pacific. Listed on the Australian Stock Exchange in February 2000, Origin is a participant in most segments of the energy supply chain including natural gas and oil exploration and production, power generation, energy retailing and trading (natural gas, electricity and LPG), and asset management services. Origin employs almost 3,000 employees and has more than 140 years experience meeting the energy needs of Australians. Origin sold about 201PJ of energy to customers in 2002/03.

Origin supports the Ministerial Council on Energy's (MCE) national energy market reforms to harmonise disparate approaches across the jurisdictions. We acknowledge that there is a variety of incentive mechanisms adopted by the jurisdictions.

The MCE is currently developing national policy for gas distribution and transmission regulatory arrangements. The MCE has expanded its gas program and is intending to report in mid 2004 on the appropriate consistency between the Gas Code, National Access Regime and other regimes. The MCE will also respond to the Productivity Commission's report at the end of 2004. As part of the expanded gas program, we expect the MCE to specifically address incentive mechanisms for the gas industry.

It is Origin's view that the decisions by the Economic Regulation Authority (ERA) of Western Australia, to design and adopt an incentive mechanism, be suspended until after the MCE has agreed a harmonised approach. Even though gas responsibilities in Western Australia are currently not planned to be assumed by the Australian Energy Regulator and Australian Energy Market Commission, it would be prudent for the ERA to adopt an approach that is consistent with the nationalised approach when it is agreed. This will

pave the way for a more seamless transition to a national gas market should Western Australia choose that path in the future. In addition, gas distribution and transmission companies will benefit from facing consistent incentives across jurisdictions by a more level playing field for making investment decisions, increased transparency and simplicity of market rules as well as improved internal operating efficiencies.

Please feel free to contact either myself or Steven Wright on (03) 9652 5877 if you wish to discuss the content of this letter.

Yours sincerely

*Steven Wright*

PP

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Public & Government Affairs  
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