



OFFICE OF GAS ACCESS REGULATION

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NOTICE

FULL RETAIL CONTESTABILITY COSTS ALINTAGAS NETWORKS PTY LTD

This is to advise that I have today issued an information paper on a proposal by AlintaGas Networks Pty Ltd (“AGN”) that seeks my binding approval, under section 8.21 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (“Code”), to the costs of developing systems associated with the introduction of Full Retail Contestability (“FRC”) in Western Australia. The effect of an approval under section 8.21 of the Code is that the costs of the investment by AGN would be added to its capital base when its Access Arrangement is reviewed in March 2004 and reference tariffs for use of its Mid-West and South-West Gas Distribution Systems would be adjusted accordingly.

The information paper provides details of advice that I have received that capital costs of the type proposed by AGN do not fall within the terms of section 8.21 of the Code. In the circumstances, I have therefore been unable to agree that the New Facilities Investment proposed by AGN would meet the requirements of section 8.16 of the Code.

In addition, the information paper provides details of a report by Evans and Peck on the technical specifications, functionality and costs of the proposed Network Management Information System (“NMIS”). A copy of the Evans and Peck report has also been issued today as a public document.

As indicated in the information paper, I have concluded that if it were not for the inapplicability of section 8.21 in this matter, AGN’s costs relating to implementation of the NMIS would appear to meet the requirements of section 8.16 of the Code.

Copies of the information paper and report are available at no cost from the Office of Gas Access Regulation (OffGAR) web site (www.offgar.wa.gov.au). Printed copies of the documentation are available directly from OffGAR for \$20.00 per set. Requests for the document can be made to:

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KEN MICHAEL
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