



**AGL South Australia Pty Ltd**  
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2<sup>nd</sup> August 2002

Mr Robert Pullella  
Office of Gas Access Regulation  
PO Box 8469  
Perth Business Centre WA 6849

Dear Mr Pullella,

**Re: Full Retail Contestability Costs – AlintaGas Networks Pty Ltd**

AGL Energy Sales & Marketing (AGL ES&M) appreciates the opportunity to provide comment on the request by AlintaGas Networks Pty Ltd (AGN) for regulatory approval of the costs of developing systems associated with the introduction of Full Retail Contestability (FRC) in the Western Australian gas retail market.

AGL ES&M understands that such approval under section 8.21 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code) would enable AGN to add the costs of the investment to its capital base when its Access Arrangement is reviewed in March 2004. Consequently, reference tariffs for the Mid-West and South-West Gas Distribution Systems would be adjusted.

AGL ES&M fully supports the recovery of prudent and incremental network costs by AGN. However, it is very important that an independent review of AlintaGas' network and retail costs is carried out so as to ensure that retail costs are not inappropriately allocated as network costs. Such an action would stifle competition at the retail end of the market because there would be reduced retail margin. In NSW, IPART retained an independent auditor to review AGL's costs.

Any adjustment to network prices should be reflected in AlintaGas Retail's regulated tariffs.

If you have any questions regarding the above matters, please contact Catherine Rousch, Retail Regulation Manager, on (08) 8404 4131 or at [crousch@agl.com.au](mailto:crousch@agl.com.au).

Yours Sincerely,

Sandro Canale  
General Manager Customer Services

