

27 April 2005



AlintaGas Networks
Pty Ltd
ABN 90 089 531 975

The Quadrant
1 William Street
Perth WA 6000
GPO Box W2030
Perth WA 6846

Telephone 08 9486 3000
Facsimile 08 9486 3030

Mr Russell Dumas
Director Gas and Rail Access
Economic Regulation Authority
Level 6 Governor Stirling Tower
197 St George's Terrace
Perth WA 6000

Dear Russell

RE: HHV MANAGEMENT COSTS AND ASSOCIATED INFORMATION

Further to the meeting between representatives from the Economic Regulation Authority ("Authority") and AlintaGas Networks Pty Ltd ("AGN") on 22 April 2005, AGN submits the following additional information supporting the costs for the management of the Higher Heating Value in the Mid-West and South-West Gas Distribution System.

AGN agrees to the request from the representatives of the Authority for the information contained within this letter to be supplied to the Director of Energy Safety and for it to be published on the website of the Authority.

AGN has estimated, based on current information, that there will be a requirement for gas zones to be established in two of the sub-networks within its Gas Distribution System for the period of 2005 to 2009. The first sub-network to be subject to zoning will be established in 2006, with the zoning for the second sub-network established in 2007.

AGN has assessed that three gas zones will be required within each sub-network that requires zoning. The boundary between gas zones will require six units to be installed with three units on either side of the boundary. Therefore a sub-network with three gas zones will have 12 sites that will require the installation of the appropriate monitoring and measurement equipment.

Of the three options for Heating Value management presented by PCT Engineers, the Specific Gravity Transducers were not considered by AGN, as it was not a recommended option due to the additional data manipulation required. The GasPT Transmitter was rejected by AGN as PCT Engineers found that "it is a newer technology, with limited use and support outside of the UK"¹. The Transmitter Style Gas Chromatograph option was selected over the other methods as this was proven technology.

AGN further determined that the "ABB BTU Transmitter Style" gas chromatograph as referenced within the PCT report¹, is the preferred unit for installation as it is the more cost effective of the two units presented.

¹ Gas Network Heating Value Measurement Feasibility Study and Market Survey Report" prepared by PCT Engineers

The following table is a breakdown of the costs for implementing and maintaining the equipment to support Higher Heating Value Management for period 2005-2009. The table is expressed in real dollars (\$M) as at 31 December 2004.

	2005	2006	2007	2008	2009	Total
Capital Costs	0	1.03	1.01	0	0	2.04
Non Capital Costs						
Maintenance	0	0.13	0.22	0.22	0.22	0.79
Relocation	0	0.03	0.06	0.06	0.06	0.21
External Audit	0	0.02	0.02	0.02	0.02	0.08
Total		0.18	0.3	0.3	0.3	1.08

AGN notes that it is the intention of the Authority to publish the PCT report on its website. Whilst AGN agrees to the publication of the main body of the report, the appendices contain responses from third parties that may be considered to be commercially sensitive. Consequently AGN requests that the Authority refrain from the publication of this material.

If you should any further queries I can be contacted on 9486 3156.

Yours sincerely



Justin Scotchbrook
WA REGULATORY DEVELOPMENT MANAGER