

13 July 2001

Dr Ken Michael
Gas Access Regulator
8th Floor
197 St George's Tce
PERTH WA 6000



Dear Dr Michael

GOLDFIELDS GAS PIPELINE ACCESS ARRANGEMENT

Further to our discussion with your Mr Nick Parkhurst please note that while Anaconda is pleased with any reduction in tariffs on the Goldfields Gas Pipeline there are still issues we feel require further consideration.

In particular we are concerned with:

- The extremely low throughput forecasts proposed by GGT, and seemingly accepted by the Regulator. Anaconda is of the view that realistic throughput forecasts would lead to further tariff reductions.
- The continuing focus on the limitations imposed on GGT by the Goldfields Gas Pipeline Agreement Act 1994 and the requirements for initial pipeline size. There have been no valid arguments presented regarding this point and Anaconda are of the view that all cost penalties have already been taken into account.
- The high value assigned to the capital base, especially relative to the Venton analysis for pipeline costs, and the corresponding flow on effects for tariff values.
- Mechanisms to be used by GGT for implementing recommendations from the Regulator regarding penalties, queuing policy for existing Users etc.

Further details will be supplied on Monday in our detailed submission.

I have also attached Anaconda's response to the GGT submission titled *Submission on Supposedly High Tariffs on the Goldfields Gas Pipeline (GGP)*. It is our understanding that you have already received a copy of this GGT submission, if not feel free to contact me on 9212 8465 and I will forward a copy to the Regulator.

Yours sincerely

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Project Development

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