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Via email copy to:, [russell.dumas@era.wa.gov.au](mailto:russell.dumas@era.wa.gov.au)

Dear Mr. Rowe

### **Alternate Part Haul and Back Haul Tariff Methodology for the Dampier to Bunbury Natural Gas Pipeline ("DBNGP")**

Thank you for your invitation to comment on this issue. Nickel West (formerly WMC Resources) strongly supports measures designed to increase competition in the Western Australian gas market. The provision of a part haul ("PH") service on the DBNGP has been available and in use for some time and Nickel West believes this service increases competition in the gas market. Nickel West has been using a part haul service for a number of years.

Nickel West fully supports the Economic Regulation Authority ("**Authority**") in its decision to develop a reference tariff for PH and back haul ("**BH**") services on the DBNGP, particularly since this service is used by a number of Shippers. It is noted that prior to the existing Access Arrangement, access to a PH tariff on the DBNGP was provided for in the DBNGP Access manual.

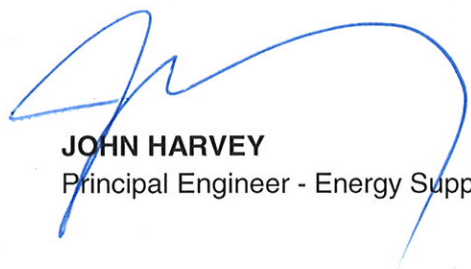
In terms of determining the applicable tariff for PH and BH services, Nickel West notes that of the 17 items listed in Table 1 Non capital cost allocation of the DBNGP Submission #48, 12 items have an allocation of based on distance. Of the remaining 5 items it is arguable whether the allocation should be based on MDQ in preference to km based.

Asset services	Nickel West's view is that these costs increase with increasing pipeline complexity such as additional compressors and as such the costs have a correlation with distance.
Transportation services such as SCADA	These costs should be allocated on the number of each Shippers inlet and outlet points and as such is independent of both distance and MDQ.
Engineering services	Nickel West's view is that these costs increase with increasing pipeline distance and should be allocated on a km basis.
Regulatory	Nickel West believes these costs should be allocated on the basis of the revenue received from each class of service. This is more likely to correlate with distance than MDQ.
Regulatory review	As above.

Accordingly, Nickel West's view is that in deriving the full haul Reference, the PH and BH tariffs should be based on a simple pro rata of the full haul tariff.

Yours sincerely

**Nickel West**

A handwritten signature in blue ink, appearing to be 'John Harvey', with a large, sweeping loop at the end.

**JOHN HARVEY**

Principal Engineer - Energy Supply