

26 May 2005

Our Reference:

Mr Lyndon Rowe
Chairman
Economic Regulation Authority
GPO Box 8469
Perth WA 6849

Dear Mr Rowe

SUBJECT: Submission in relation the draft decision of the Economic Regulation Authority in respect of the Proposed Revised Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline

North West Shelf Gas Pty Ltd (**NWSG**) is pleased to make the following submission to the Economic Regulation Authority (**the Authority**) regarding the Draft Decision released on 11 May 2005 (**Draft Decision**) which requires amendments to the proposed revisions of the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**) received by the Authority from DBNGP (WA) Transmission Pty Ltd (**DBNGPT**) on 21 January 2005 (**Proposed Revised Access Arrangement**).

NWSG acts as agent for five North West Shelf Joint Venturers (**NWSJVs**), being Woodside Energy Ltd., Shell Development (Australia) Proprietary Limited, BP Developments Australia Pty. Ltd., BHP Billiton Petroleum (North West Shelf) Pty. Ltd. and ChevronTexaco Australia Pty. Ltd.

NWSG notes and supports the Authority's decision to not approve the Proposed Revised Access Arrangement. In regard to the Authority's required amendments contained in the Draft Decision, NWSG has the following comments.

1. In NWSG's view, in determining that the proposed gas quality specification be widened, the Authority has applied due and balanced consideration of the historic intent, safety implications, contractual and commercial positions, national competition guidelines and Australian and other WA gas quality specifications.

The resulting required amendment (Draft Decision Amendment 15) to the Operating Specification, as detailed in paragraph 509 of the Draft Decision, is supported by NWSG. NWSG considers the widened Operating Specification to be a fair and reasonable gas quality

specification for the 2005 – 2010 Access Period Reference Service aligning with:

- the interests of most pipeline users, prospective users and gas producers; and
 - the public interest in expanding the potential sources of supply to the DBNGP and the WA natural gas market.
2. NWSG supports the implementation date for a wider gas quality specification (1st July 2005) as proposed by the Authority consistent with the removal of the LPG obligation. NWSG would also argue that implementation should proceed on that date, regardless of the actual date the Access Arrangement comes into effect.
 3. NWSG supports the Authority's proposed adoption of a Reference Service that is in the nature of the full-haul "T1 service" consistent with the terms and conditions of the Standard Shipping Contract.
 4. NWSG supports the inclusion of Part-Haul and Back-Haul services, calculated on a distance based tariff, in the nature of the "T1 Service" to which the Standard Shipper Contract relates.

As the major producer and supplier of natural gas to the state of WA, gas specification is a concern which affects NWSG's ability to competitively produce gas, access future reserves, compete across markets, improve supply reliability and meet the forecast growth in WA's gas demand.

The Draft Decision requires amendments to the Proposed Access Arrangement consistent with the recommendations of government and industry in the *"Review of the Gas Quality Specification for the Dampier to Bunbury Natural Gas Pipeline Western Australia"* (1995) and the *Dampier to Bunbury Pipeline Regulations* (1998). The inclusion of key stakeholders and end users in the review process has ensured all parties have been consulted and made aware of the intended widening of the DBNGP gas specification to coincide with the removal of the LPG obligation on the 1st July 2005.

Implementation of the Draft Decision Operating Specification widens the current tight DBNGP specification, aligns gas pipeline specifications across WA and with the Australian Standard and opens the doorway for increased competition in the energy market.

Should you have any questions regarding our submission, please contact Mr David Cullen, Marketing Manager at NWSG on 08 9348 4146.

Yours faithfully,

JOHN RICHARDS
General Manager