



Our ref: GIR/0013-08R
Enquiries: Peter Hawken 9420 5675

OffGAR
- 2 APR 2003

Dr Ken Michael
Independent Gas Pipelines Access Regulator
Office of Gas Access Regulation
6th Floor, 197 St Georges Terrace
PERTH WA 6000

Dear Ken

DBNGP FINAL DECISION - GAS QUALITY IN THE DBNGP

I understand it will assist your deliberations on the DBNGP Access Arrangement if the State clarifies its preferred position on gas quality in the DBNGP for both the period of the Access Arrangement and further into the future.

I advise the Government supports the broadening of the gas specifications as per the *Dampier to Bunbury Pipeline Regulation 1998* and the DBNGP Access Manual. This includes support for the legislative requirement for a minimum LPG content to fall away post 1 July 2005. These specifications were arrived at after an extensive period of consultation and consideration. It is in the interest of competition in the upstream gas markets that specifications are not so restrictive as to impede the entry of new sources of natural gas into the DBNGP.

I acknowledge some parties have particularly stringent requirements, for example for natural gas for supply as a process feedstock, which may be compromised if the specifications are set too broadly.

I also acknowledge the recent issue of Australian Standard AS 4564 – 2003, which includes a specification for “general purpose natural gas” and note:

This Standard has no legal authority in its own right, but may acquire legal standing in one

or more of the following circumstances:

- *adoption by a government or other authority having jurisdiction over relevant gas supply pipelines or networks;*
- *adoption by a purchaser as a required Standard when entering into a contract for gas supply; or*
- *adoption where a gas supplier states that gas supplied is in accordance with the Standard.*

The specification contained in this Australian Standard differs in some significant respects from the current DBNGP gas specifications contained in Regulation and any commitment to

movement towards this Australian Standard would need careful prior consideration and include an adequate consultation process. In particular, the more lenient specifications in the Australian Standard with respect to sulphur and water content, and the absence of any specification for maximum CO₂ content, may be of concern to the local industry.

I anticipate that your Final Decision will be able to accommodate the Broadest Specification and the removal of the LPG requirement post 1 July 2005. Under current legislative provisions, the *Dampier to Bunbury Gas Pipeline Regulations 1998*, including the gas quality specifications, will be repealed on the day the Access Arrangement is approved. However, there is a need to ensure the various gas resources of Western Australia are utilised in the most efficient and economic way in the longer term and that industry is provided with clarity and continuity on the matter of gas specifications. The Office of Energy will therefore be considering the potential merits of continuing to maintain regulatory control over the DBNGP gas quality specifications (through section 26 of the *Energy Coordination Act 1994*) and will provide advice to the Minister for Energy on this matter.

Yours sincerely



ANNE NOLAN
A/COORDINATOR OF ENERGY

2 April 2003

Gas Component	Operating Gas Quality Specification DBNGP Access Manual 1998		Broadest Specification Schedule 1 Dampier to Bunbury Pipeline Regulations 1998		Australian Standard 4564 – 2003 Specification for general purpose natural gas	Gas Standards Gas Supply and System Safety Regulations 2000
	Category A	Category B and C	Category A	Category B and C		
Max. CO ₂ (mol %)	3.6	4.0	3.6	4.0		
Max Inert Gas (mol %)	5.5	6.0	6.5	7.0	7.0	
Min HHV (MJ/m ³)	37.3	37.3	35.1	35.1		37.0
Max HHV (MJ/m ³)	42.3	42.3	42.3	42.3		42.3
Min Wobbe Index	47.3	47.3	46.0	46.0	46.0	46.5
Max Wobbe Index	51.0	51.0	51.5	51.5	52.0	51.0
Max Total Sulphur (mg/m ³)						
- Unodorised	10	10	10	10	50	50
- Odorised	-	20	20	20	50	50
Max Hydrogen Sulphide (mg/m ³)	2	2	2	2	5.7	
Max Oxygen (mol %)	0.2	0.2	0.2	0.2	0.2	
Max Water (mg/m ³)	48	48	48	48	112.0 ²	
Hydrocarbon Dew Point	Below 0 ⁰ C at 2.5 to 8.72Mpa abs.	Below 0 ⁰ C at 2.5 to 8.72Mpa abs.	Below 0 ⁰ C at 2.5 to 8.72Mpa abs.	Below 0 ⁰ C at 2.5 to 8.72Mpa abs.	Below 2 ⁰ C at 3.5Mpa gauge	
Max Radioactive Component (Bq.m ³)	600	600	600	600		
Min Extractable LPGs (t/TJ)	1.45 ¹	-	1.45 ¹	-		

Note: ¹ from 8:00am 1 July 2005, minimum extractable LPG's will be 0.0t/TJ as stated in *Dampier to Bunbury Pipeline Regulations 1998* Schedule 1 – Broadest specifications. The DBNGP Access Manual 1998 Operating Gas Quality Specification does not change at this date.

² dewpoint 0⁰C at the highest MAOP in the relevant transmission system (in any case, no more than 112.0 mg/m³).