



14 October 2005

Mr Russell Dumas  
Director, Gas and Rail Access  
Economic Regulatory Authority  
Level 6, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000

Dear Russell

#### **DBP PROPOSED REVISIONS TO DBNGP ACCESS ARRANGEMENT**

This letter is Origin Energy's submission to the Economic Regulatory Authority (Authority) in response to DBNGP (WA) Transmission Pty Ltd (DBP) Submission #48 entitled "An Alternative Part Haul and Back Haul Tariff Methodology".

In the Draft Decision the Authority stipulated in Amendments 5 and 9 that the DBP had to provide for a Part Haul Reference Service, calculated on a distance based tariff, in the nature of a "T1 Service" to which the Standard Shipper Contract would apply. Origin Energy supports the Authority's decision on this matter.

In its submission DBP has indicated that it does not agree with Amendment 9 but has suggested an alternative calculation method in the event that the Authority maintains its requirement for Amendment 5 in its final decision.

A comparison of the Authority's methodology and DBP's proposed alternative calculation methodology shows that shippers will pay significantly higher tariffs if DBP's proposed methodology is adopted. Table 1 provides a comparison of these methodologies based on average tariffs over varying distances.

**Table 1: Comparison of Part Haul Methodologies**

Distance (km)	ERA Methodology (\$/GJ)	DBP Methodology (\$/GJ)
20	0.0148	0.0159
500	0.3692	0.3965
1000	0.7384	0.7930

Origin Energy considers that DBP's proposed alternative calculation methodology does not meet the objectives of Section 8.1 of the National Third Party Access Code for Natural Gas Pipeline Systems ("Code"), as it may:

- (i) not replicate the outcome of a competitive market; and

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- (ii) distort investment decisions in Pipeline Transportation systems or in upstream and downstream industries.

Origin Energy considers that DBP's proposed methodology will not increase competition between pipelines, as there is the potential for conflict of interest when DBP is proposing a methodology that will set tariffs for part haul service. These consequences arise because part haul from a DBNGP receipt point to Mondarra also relies on the shipper negotiating a transportation service from Mondarra to its delivery point with the owner of the Parmelia Pipeline, which is in direct competition with the DBNGP.

It is in the commercial interest of DBP to avoid providing a part haul service as a Reference Service and also ensure that its part haul tariff is set at an anti-competitive level to shippers that wish to use the amalgamation of part haul on the DBNGP with transport on the Parmelia Pipeline.

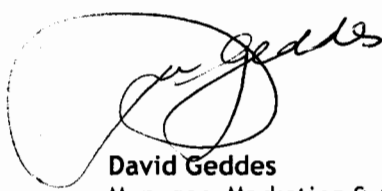
Section 2.24 of the Code requires the Authority to take account of the public interest including the public interest in having competition in markets and the interests of Users and Prospective Users.

Therefore, Origin Energy reiterates its request, as per its submission dated 19 September 2005 that the Authority maintain its requirement in its final decision that DBP offers a part haul and back haul service, as was stipulated in Amendment 5 of its Draft Decision.

Furthermore, Origin Energy requests the Authority to not approve DBP's proposed alternative calculation methodology for part haul and back haul tariffs and retain Amendment 9 of its Draft Decision Amendment 5 within its final decision.

Please revert if you require clarification of any matters raised in this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Geddes', written over a large, loopy circular flourish.

**David Geddes**  
Manager, Marketing & Commercial (WA)