

14 June 1999

Acting Gas Access Regulator
Office of Gas Access Regulation
Level 22, St Martin's Tower
44 St George's Terrace
PERTH WA 6000

Attention: Mr. Philip Brown

Dear Sir,

RE: ACCESS ARRANGEMENT FOR THE PARMELIA PIPELINE

This submission is made on behalf of Phoenix Energy Pty Limited, owner and operator of the Woodada gasfield near Eneabba and supplier of gas to industrial consumers via the Parmelia Pipeline. Gas from Woodada enters the Parmelia Pipeline at Compressor Station One.

It is not our intention to make a detailed critique of the draft Access Arrangement prepared by CMS Energy. We feel OffGAR is much more competent to assess whether and to what extent:

- the draft Access Arrangement is consistent with the principles of the National Access Code;
- the Reference Service Tariffs proposed by CMS Energy are fair and reasonable in relation to the accepted methodologies for determining the cost of capital and rates of return and in relation to other private pipelines in Australia;
- the actual Reference Service Tariffs, if meant to be actively applied, are at a level that will not discourage competition or growth of an efficient gas market.

Rather, we are primarily concerned that CMS Energy, with or without the encouragement of the Regulator, can assure existing and potential users of the Parmelia Pipeline that:

- they are not bound only to Reference Services at approved Tariff levels;
- they are free and CMS Energy is willing to negotiate specific Services for specific prices;
- existing contracts will be grandfathered, if the parties so desire.

Whether or not the parties are able to negotiate a deal is another point. In that regard, new users that do not have the fallback of grandfathered contracts (at existing tariffs) could be concerned about the longer term viability of the Parmelia Pipeline if the proposed Reference Service Tariffs are not competitive in the marketplace but are nevertheless a true reflection of the economic costs of the Pipeline.

Yours sincerely

PHOENIX ENERGY PTY LIMITED

C J SCHRAPE

MANAGER - SALES & MARKETING