



Western Power

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

19 October 2005

Dear Mr Dumas,

Western Power Retail welcomes the opportunity to submit the following comments in relation to DBNGP (WA) Transmission (DBP) Part Haul and Back Haul Tariff Services.

In its Draft Decision the Economic Regulatory Authority (Authority) determined that the DBP provide for Part Haul and Back Haul Reference Services, as a proportion of the Reference Tariff for the Full Haul Reference Service. Western Power fully supports the Authority's determination.

As an emerging retailer of gas in Western Australia's competitive gas market, Western Power has concerns surrounding the following points:

- Assuming physical capacity is actually available, the risk is that DBP will adopt a monopolist's position should it agree to negotiate part haul or back haul services via a non-reference tariff. Negotiating a non-reference service is often a bureaucratic and time-consuming process and is only considered effective where alternative service providers exist.
- In order to evaluate potential project costs in a timely and even handed manner, end use customers and shippers on DBP laterals such as Geraldton and Mid-West Pipeline must have price and supply certainty.
- The lack of cost effective and competitively priced part haul and back haul tariffs are likely to discourage use of the Parmelia Pipeline and Mondarra gas storage facility, both of which have provided some flexibility and increased security of supply to DBP shippers. Provided DBP part haul and back haul tariffs receive appropriate treatment by the Authority, then alternative arrangements may continue to be utilised by DBP shippers and end use customers.
- Should the DBP methodology result in increased costs to shippers and ultimately end use customers then we would oppose the proposition, particularly if there were no corresponding and material increase in the level of service.

We will be pleased to discuss any of the points raised in our submission.

Yours sincerely

Mark Nielsen
Gas Market Development Manager

Western Power Corporation

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