



A Member of the
Griffin Group
ACN 008 717 164

5 May 2000

Mr Robert Pullella
Office of Gas Access Regulation
Level 6 Governor Stirling Tower
197 St George's Terrace
PERTH W A 6000

Dear Mr Pullella

**DRAFT DECISION: ACCESS ARRANGEMENT FOR THE ALINTAGAS
MID-WEST & SOUTH-WEST GAS DISTRIBUTION NETWORKS**

Phoenix Energy Pty Limited ("Phoenix") wishes to make you aware of our concerns about the Draft Decision by the Office of Gas Access Regulation ("OFFGAR") in relation to the subject AlintaGas Access Arrangement ("Access Arrangement").

Phoenix operates the Woodada gas field, which in turn is connected to the Parmelia Pipeline supplying customers in the South-West region. We have a strong interest in the ongoing deregulation process of the WA gas market and, in particular, the Mid-West and South-West regions.

Gaining access to the AlintaGas distribution networks in a competitive, equitable and workable manner is potentially very important to Phoenix in developing markets in these regions and offering consumers an efficient and cost competitive gas supply alternative. In establishing new contracts under the current deregulatory regime, Phoenix has already contributed to meeting and furthering the objectives of the WA gas market deregulation process and we are keen to continue that role to meet and satisfy the demands of gas customers as well as our shareholders.

Phoenix requests OffGAR to reconsider issues which are of particular concern to us, as set out below.

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Gas Quality Specification

As you will be aware, the existing gas specifications relating to the AlintaGas distribution network are covered by the Gas Standards Act 1972 under regulations reviewed and subsequently issued in 1999. This Act was developed to cover natural gas supplied from the Perth Basin which was the sole supply source of natural gas into the AlintaGas distribution system until the completion of the DBNGP in the mid-1980's. As such, the suitability and safety of Perth Basin gas for use in the AlintaGas distribution system has long been established and proven. Woodada was one of the original fields developed in the Perth Basin.

It is also of significance that the current AlintaGas network gas quality specifications (i.e. as per the Gas Standards Act 1972) are comparable with those of other major Australian pipeline systems and, based on physical and historical evidence, do not pose any safety or quality problems for the AlintaGas distribution network.

The AlintaGas Access Arrangement now proposes to introduce more stringent gas specifications applicable to any third party wishing to transport gas through the AlintaGas distribution system. This proposed change to the gas specifications, if accepted by OffGAR, will directly discriminate against Perth Basin gas as it would currently not be able to meet some of the proposed specifications.

Narrowing the gas quality specifications as proposed by AlintaGas will therefore create a barrier to entry into the AlintaGas network for non-DBNGP gas. In effect, this proposal is anti-competitive and, as such against the interests of Perth Basin producers supplying via the Parmelia Pipeline and gas consumers generally.

We therefore respectfully request OffGAR to reconsider its provisional support for this proposed gas quality specification amendment by AlintaGas and retain the specifications as per the Gas Standards Act 1972.

Standing Charge – Reference Tariff A

Interconnection Distance Calculation – Reference Tariff A

Phoenix also has concerns about these issues and whilst we believe they have been addressed comprehensively by other parties making submissions, in particular CMS, we would welcome an opportunity to discuss them further with OffGAR and lend our weight to the arguments.

Yours sincerely

C J SCHRAPE

Manager – Sales & Marketing

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