



Please direct all responses/queries to: K Spence
T: +61 (8) 9348 4000

Our reference: DRIMS 3821031
Your reference: D/07/0591

23/11/07

Attn: Mr Peter Kolf, General Manager
ERA
GPO Box 8469
Perth Business Centre WA 6849

Woodside Energy Ltd.
ACN 005 482 986
Woodside Plaza
240 St Georges Terrace
Perth, Western Australia, 6000
GPO Box D188
Perth, Western Australia, 6840
T: +61 (8) 9348 4000
F: +61 (8) 9214 2777
www.woodside.com.au

Dear Mr Kolf

GAS EXCHANGEABILITY (QUALITY) IN WA

Woodside appreciates the opportunity to comment on the Gas Exchangeability report. Woodside is the largest producer of domestic gas in WA through our interests in the North West Shelf Joint Venture. We also have substantial equity in the Pluto and Browse projects that may impact on future domestic gas supply.

Woodside supports the ERA review of gas quality in Western Australia and believe that this particular issue is important to the future for gas supply in the WA market. After reviewing the Draft Working Paper – Gas Exchangeability in WA we make the following comments:

- 1. Any new gas specification should be uniform and as wide as safety and integrity considerations will allow.** A wider gas specification provides the greatest opportunity for WA's local gas needs to be met. In addition, a uniform specification across the various pipeline assets will enable future interconnection between pipelines. The introduction of the broader gas specification has been expected by the industry since the privatisation of the Dampier to Bunbury Pipeline (DBP). Woodside supports the proposed amendment to the DBP gas specification provided that any revised gas specification is able overcome safety and integrity concerns and that the matters raised below (in 2, 3 and 4) are addressed and resolved.
- 2. No Additional Costs (pass through from DBP) to Suppliers or Customers.** In November 2004, the Diversified Utility and Energy Trust (DUET) indicated the possibility of a forthcoming amendment to the gas specification requirements (section 8.2.1 and section 8.5.8). In this statement, DUET acknowledged that the gas specification would be amended in the foreseeable future and this possibility has been reflected in the purchase price for the DGP when it was acquired by the DGP consortium. Therefore, Woodside believes that if a change in gas specification should occur, that the owners of the DBP should not be allowed to vary its tariffs, as such changes were foreshadowed ahead of the original sale of the pipeline and any cost implications of them would have been fully priced into the existing tariffs.
- 3. Compensation for Providing Mixing Space** – Woodside believes that suppliers of gas that put “high quality” gas into the transportation system (and which effectively create the mixing space) should receive compensation for this. Such systems are in operation in the US and should be considered in any changes because at present it is the DBP which benefits should off-spec gas be transported, rather than the producers who are providing the blending/mixing opportunity which enables this gas to be transported at all.
- 4. Transparency and visibility** – Woodside believes that the proposed changes in gas specification (and the associated economic environment which is created) require additional

transparency and it recommends that the Regulator consider implementing a Daily Bulletin Board, similar to that which is currently being developed via the Ministerial Council of Energy's Gas Market Leaders Group, to ensure that suppliers, pipeliners and customers are aware of the state of the system and the quality/volumes of gas being shipped.

Other

In informal discussions with Peter Rixon and Michael Solyk (via emails) Woodside indicated that the report should consider pipelines which are not covered by Access Agreements. We believe this to be an issue in relation to gas specification because all of the pipelines are interconnected and hence all are related to the overall quality of gas in the system. In looking forward, there is potential for gas to be input into the system from the Browse Region or onshore Canning. For example, if Arc is successful in the Canning they are proposing the development of a Great Northern Pipeline which appears to assume an interconnection with the Pilbara Pipeline at Port Hedland and through this access to the DBP to enable delivery of gas to Alcoa (the customer).

Should you wish to discuss this submission please contact me.

Yours faithfully

Keith Spence

Executive Vice President, Enterprise Capability

Attached: Not applicable