

Mr Lyndon Rowe
Chairman
Economic Regulation Authority
Level 6, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

Dear Mr Rowe

Gas Exchangeability in Western Australia

The Australian Pipeline Industry Association (APIA) appreciates the opportunity to provide comment on the Economic Regulation Authority paper, *Gas Exchangeability in Western Australia – Gas quality specifications of interconnected pipeline systems*.

APIA acknowledges that the current debate surrounding gas quality in Western Australia (WA) is largely driven by the need to secure new gas supplies for the domestic market, and in particular to facilitate access to the Macedon gas field. APIA considers that the commercialisation of additional sources of gas supply for the domestic market is important for the long-term future of the WA gas market and, especially, existing transmission pipelines.

APIA believes that any move to standardise the quality of gas accepted into transmission systems across Australia should acknowledge relevant market conditions, including gas field economics, past investments and commercial arrangements, transmission system configurations and end-user applications.

APIA notes that the paper is a useful contribution to a technical analysis of gas quality in respect of gas utilisation. We notice, however, that the scope of the paper is limited to consideration of combustibility and related safety issues, and consequently is isolated to one aspect only in considering an appropriate specification for the WA gas market. Perhaps, more importantly, the question of an appropriate gas specification is much broader than matters of gas access that will be considered at the next round of access arrangement reviews, and goes to questions of energy policy that are beyond the remit of the Access Arrangement reviews in WA.

APIA is, therefore, of the view that there is a need for this issue to be the subject of a wider government policy review in order to allow appropriate investigation

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of all potential impacts of any changes and the development of the WA gas market. The matters to be considered are relevant to energy policy in WA and require Government to provide the policy direction which can then be applied by industry and the ERA.

APIA has written to the Office of Energy noting the points raised here and has recommended that, as it has done in the past, the Government undertake a full review of the question of the natural gas specification for the WA market.

We trust that the best outcome for Western Australia will be achieved and thank you again for the opportunity to provide comment.

Yours sincerely

A handwritten signature in black ink, appearing to be 'C. Cartwright', with a long horizontal line extending to the right.

CHERYL CARTWRIGHT

Chief Executive

5 Feb 08