

Ref: BS-DG-AEF-SL: 0146

19 March 2010

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

Dear Mr Rowe

**Goldfields Gas Pipeline – Submission in Response to Draft Decision**

I refer to paragraphs 614 and 615 of the Draft Decision on GGT's Proposed Revisions to the Access Arrangement for the Goldfields Gas Pipeline where the Authority indicated that:

*"614. The Authority notes that GGT proposes to allocate an amount for marketing costs as a Non Capital Cost. The Authority has not been provided with sufficient information regarding the nature of the marketing costs likely to be incurred. ...."*

*"615. ...., the Authority will require further information in respect of these costs before approving the proposal in the Final Decision."*

The Goldfields Gas Transmission Pty Ltd ("GGT") provides this submission in response to the Authority requiring further information on the nature of the marketing costs, which have been incorporated by GGT into Non Capital Costs.

The marketing costs included by GGT, as Non Capital Costs could more accurately be called "Marketing and Contract Administration" costs and are comprised of costs related to the following activities:

- administration of all existing contracts for Services on the Covered Pipeline;

- management of enquiries from Prospective Users for the Spare Capacity on the Covered Pipeline; and
- the negotiation and administration of a new contract for the Spare Capacity on the Covered Pipeline.

Therefore, the marketing costs included in the Reference Tariff calculation in GGT's Proposed Revisions to the Access Arrangement relate entirely to the Covered Pipeline.

GGT considers that these marketing costs are costs that a prudent Service Provider would incur, acting efficiently, in accordance with accepted and good industry practice.

If you require any further clarification on the abovementioned matter please do not hesitate to contact David Geddes (Ph: 08 9422 4418) or Scott Young (Ph: 0402 093 313).

Yours faithfully

Barrie Sturgeon  
**Acting General Manager**