



BP Australia Pty Ltd
Melbourne Central Tower
Level 29, 360 Elizabeth Street
Melbourne
Victoria, 3000

6th July 2010

Lyndon Rowe
Chairman
Economic Regulation Authority of Western Australia
Level 6, 197 St Georges Terrace, Perth,
Western Australia, 6849

**Re: Proposed Revisions to the Access
Arrangement for the Dampier to Bunbury Natural
Gas Pipeline**

Dear Mr Rowe,

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Thank you for the opportunity to make a submission on the Proposed Revision of the Access Arrangement ("**RAA**") for the Dampier to Bunbury Natural Gas Pipeline ("**DBNGP**"), as outlined in the Economic Regulation Authority ("**ERA**") Notice on April 15, 2010.

BP Australia Pty Ltd ("**BP**"), through its Kwinana Refinery is a gas user on potentially either the DBNGP or the Parmelia Gas Pipeline ("**PGP**").

BP is concerned that the RAA proposes only one referenced service, being the R1 Full Haul Service and that the current T1 Part Haul Service will no longer be offered as a reference service. While BP appreciates that T1 service may still be offered, subject to bilateral negotiations, the absence of the transparency offered by a referenced service potentially weakens the commercial bargain of prospective users in negotiations with the DBNGP.

The absence of a commercially viable T1 service may render access to the PGP and its future associated storage upgrade services, commercially infeasible.

BP notes that the proposed tariff increase in the new R1 service versus the current T1 service is in the order of 41%; well above any CPI indexation expected during the period. The weighting on the Capacity Reservation (Take or Pay component) to Commodity Tariff has also been proposed to increase from 80% and 20% respectively, to 95% and 5% respectively.

BP is currently not a shipper on the DBNGP and often is reliant on the spot market to secure capacity from existing DBNGP shippers to fulfil BP's requirements. BP notes that proposed changes to the DBNGP Spot Market rules and the Terms and Conditions would mean that capacity secured and transferred from an existing DBNGP shipper to BP from 2011, will revert to the less commercially favourable R1 service, even if the transferring DBNGP shipper previously held this capacity on the existing T1 service.

I hope that you would consider BP's view on the above matters in reviewing the RAA and should you wish to discuss this matter further, please do not hesitate to contact me on (03) 9268 3344.

Best Regards,

Tam Pham
Energy Business Development Manager
BP Australia Pty Ltd