

Our Reference: DMS# 3375112
Enquiries: Catherine Rousch
Telephone: (08) 6212 1125

18 November 2010

WA Gas Networks, Gas Access
Economic Regulation Authority
PO Box 8469
Perth BC WA 6849

by email: publicsubmissions@era.wa.gov.au

**RE: FURTHER SUBMISSION CONCERNING PROPOSED REVISIONS TO THE ACCESS
ARRANGEMENT FOR THE MID-WEST AND SOUTH-WEST GAS DISTRIBUTION SYSTEMS**

Dear Mr Rowe,

Synergy is pleased to provide this supplementary submission to the Economic Regulation Authority (**Authority**) concerning the proposed revisions by WA Gas Networks (**WAGN**) to the Access Arrangement for the Mid-West and South-West Gas Distribution Systems (**Access Arrangement**).

Synergy notes the recent submission by the APA Group (**APA**)¹ expressing concerns about the Authority's Draft Decision² to require WAGN to amend the gas quality specification applicable to the Mid-West and South-West Gas Distribution Systems (**GDS**). Synergy shares these concerns and notes that Draft Decision Amendment 16 would result in a gas quality specification more stringent than that for the Parmelia Pipeline, with the effect that gas transported via the Parmelia Pipeline could be excluded from entry into the GDS. There does not appear to be any technical or commercial reason for the more stringent specification.

In the absence of any technical justification, this required amendment is of grave concern to Synergy. Synergy has a number of gas supply contracts in place with Perth basin producers. Perth basin gas flows via the Parmelia Pipeline and into WAGN's Metro North sub-network, supplying Synergy's customers in the Perth metropolitan area. Should the gas quality specification for the GDS be more rigorous than that for the Parmelia Pipeline, Synergy could be excluded from supplying Perth basin gas to these customers. Synergy could be forced to source its gas from the Carnarvon basin and transport it via DBP's

¹ *Public Submission on WA Gas Networks Access Arrangement 2010-14 Draft Decision, Gas Quality Specification*, 1 November 2010, APA Group.

² *Draft decision on WA Gas Networks Revisions Proposal for the access arrangement for the Mid-West and South-West Gas Distribution Systems, submitted by WA Gas Networks Pty Ltd, Economic Regulation Authority, Western Australia*, 17 August 2010.

Dampier to Bunbury Natural Gas Pipeline, handing a monopoly position to the Carnarvon basin gas producers and to DBP.

Given the on-going difficulties that retailers and gas users face in obtaining sufficient quantities of gas at competitive prices it is imperative that, to the extent it is technically feasible, gas from all available supply sources is able to be used to supply a retailer's customer base. It is equally important that as many transportation options as possible be available to maintain competitive tension and give gas users flexibility, for example in a supply or transportation emergency.

For these reasons, Synergy urges the Authority to reconsider Draft Decision Amendment 16. Synergy considers that the appropriate gas quality specification is that in Annexure A of WAGN's amended Access Arrangement³ dated 8 October 2010.

If you have any questions concerning this submission please do not hesitate to contact myself on 6212 1125 or at catherine.rousch@synergy.net.au. Alternatively contact Simon Adams on 6212 1076 or at simon.adams@synergy.net.au.

Regards,

Catherine Rousch
Manager Wholesale Regulatory & Compliance
Synergy

³ *Amended Access Arrangement for the Mid-West and South-West Gas Distribution Systems, WA Gas Networks Pty Ltd, Final, 8 October 2010.*