



DECISION:

**PROPOSED PROMOTION CONTRACT
BETWEEN ALINTAGAS NETWORKS
PTY LTD AND ALINTAGAS SALES
PTY LTD**

Submitted by

AlintaGas Networks Pty Ltd

**INDEPENDENT GAS PIPELINES ACCESS REGULATOR
WESTERN AUSTRALIA**

30 April 2002



DECISION

On 9 April 2002, I received a proposed contract (“Promotion Contract”) from AlintaGas Networks Pty Ltd (“Networks”) for it to contribute to a marketing initiative by AlintaGas Sales Pty Ltd (“Sales”) to promote the utilisation of the Mid-West and South-West Gas Distribution Systems.

After considering the provisions of the contract, I have formed the view that the proposed Promotion Contract constitutes an Associate Contract under section 7.1 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (“Code”). In these circumstances, Networks and Sales may not enter into this contract without first obtaining my approval. In any event, Networks and Sales have provided for the Promotion Contract to be conditional upon my approval under section 7.1 of the Code. Section 7.1 requires the Regulator to approve the proposed Associate Contract unless the Regulator considers it would be likely to have the effect of substantially lessening, preventing or hindering competition in a market.

Under section 7.2 of the Code, the Regulator may approve the Promotion Contract without public consultation if haulage services associated with the Associate Contract are provided at the Reference Tariff. As the Promotion Contract does not affect the provision of haulage services in this case, I am of the view that public consultation is not necessary.

In submitting the Promotion Contract for approval, Networks requested that the information contained in the Promotion Contract be treated as confidential and of a commercially sensitive nature. I have reviewed Networks’ request and agree that details of the contract do not need to be made public other than to provide an overview as presented below.

Under the Promotion Contract, Networks proposes contributing to Sales’ promotional and administration expenses in respect of a marketing initiative that will promote the use of the distribution network. Networks states that it expects to be approached by other retailers of natural gas with similar promotional initiatives when the natural gas retail market is opened to full competition in 2003.

Networks submitted that the promotional initiative, if successful, will result in increased throughput through the Gas Distribution Systems. This increased throughput is expected to be generated with minimal risk and a marginal increase in expenditure and is expected to result in better utilisation of the existing infrastructure, with benefits to pipeline users and gas consumers in the medium to long term.

Networks also submitted that if it were to undertake a generic program of promotional or marketing activities of the sort contemplated under the Promotion Contract, then it would incur costs in excess of the costs it would contribute towards this sales specific initiative.

As I do not consider that the Promotion Contract is likely to have the effect of substantially lessening, preventing or hindering competition in any market, I have approved this Associate Contract under section 7.1 of the Code.

Further information may be obtained from:

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**KEN MICHAEL
GAS ACCESS REGULATOR**