



GAS TRANSMISSION AUSTRALIA

An International Energy Company

Our ref: ST.LD.LL-0089

5 September 2000

Dr Ken Michael AM
Independent Gas Pipelines Access Regulator
Level 6, Governor Stirling Tower
197 St George's Terrace
PERTH WA 6000

Dear Dr Michael

**Parmelia Pipeline Ring Fencing:
Application for Extension of Time
and Related Withdrawal of Waiver Applications**

As you are aware, you have granted an extension of time until 31 October 2000 for the Parmelia Pipeline to comply with the requirements of sections 4.1(a), (b), (h), and (i) of the National Third Party Access Code for Natural Gas Pipeline Systems (the Code).

As you are also aware, you are currently considering an application by CMS Gas Transmission of Australia (the Parmelia Pipeline Service Provider) for the waiver of sections 4.1(b), (h), and (i) of the Code.

Since the submission of these waiver applications, CMS Energy (the parent of CMS Gas Transmission of Australia) has embarked on an evaluation of its activities in Western Australia relating to its holdings in gas pipeline, gas gathering and processing and gas storage assets. It is anticipated that the outcomes of this process will culminate during the first quarter of 2001.

CMS' evaluation follows:

- its review of its global assets,
- its widely publicised decision to sell its 50 percent interest in the Loy Yang A power station in Victoria,

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- its decision to withdraw from bidding for the cornerstone investment in AlintaGas.

Until CMS' evaluation of its Western Australian activities is finalised, it is not possible to establish with any degree of certainty the corporate structure under which the Parmelia Pipeline will operate in the future

Therefore, the progression of the current waiver applications or the establishment of structures and processes and the allocation of resources to comply with the Ring Fencing requirements of sections 4.1(b), (h), and (i) of the Code may result in unnecessary expenditure and diversion of resources.

Consequently, CMS requests that you:

- accept the withdrawal of CMS' current applications for waivers, and
- grant an extension until 31 March 2001 for the Parmelia Pipeline to comply with the requirements of sections 4.1(a), (b), (h), and (i) of the Code.

Preventing unnecessary expenditure will promote the Parmelia Pipeline as a competitive force in the Western Australian natural gas transportation industry.

Yours faithfully

David King
Manager of Operations