

CMS ENERGY

ORIGINAL

Gas Transmission Australia

An International Energy Company

27 May 1999

Our ref: CMS/GAR-005

Dr Ken Michael
Acting Independent Gas Pipelines Access Regulator
Office of Gas Access Regulation
22 Floor, St Martin's Tower
44 St George's Terrace
Perth WA 6000

Via fax: 9268 2444

Dear Dr Michael

**RE: CMS ENERGY AUSTRALIA SUBMISSION
IN RESPONSE TO OffGAR NOTICE OF 7 MAY 1999**

**APPLICATION FOR EXTENSION OF TIME FOR SUBMISSION OF THE
ACCESS ARRANGEMENT FOR THE GRIFFIN PIPELINE (WA: PL 19)**

Thank you for the opportunity to make submission regarding the recent application by SAGASCO South East Inc. for a 90 day extension of time until 8 August 1999 for the submission of an Access Arrangement for the Griffin Pipeline (WA: PL 19).

CMS Energy Australia makes this submission (copy attached) as a current third party shipper on the Griffin Pipeline.

In summary, this submission requests that you give consideration to implementing a revised (overall) schedule for either or both the date of submission and the OffGAR evaluation and approval process which would permit finalisation of the Griffin Pipeline Access Arrangement by the middle of November 1999. This request is made on the basis that CMS is faced with the requirement of making strategic decisions regarding its future use of the Griffin Pipeline towards the end of November 1999.

Please do not hesitate to contact me:

telephone: (08) 9353-7502 (direct)
(08) 9353-7500 (switchboard)

e-mail: daking@cmsenergy.com

or Suzy Tasnady, who is handling the details of our submission:

telephone: (08) 9353-7506 (direct)
(08) 9353-7500 (switchboard)

e-mail: stasnady@cmsenergy.com

if you, your staff, or consultants have any queries on any of the issues raised in this submission.

Yours faithfully



DAVID A KING
Manager of Operations

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CMS GAS TRANSMISSION AUSTRALIA

SUBMISSION

RESPONSE TO OffGAR NOTICE of 7 MAY 1999

**APPLICATION FOR EXTENSION OF TIME FOR
SUBMISSION OF THE ACCESS ARRANGEMENT
FOR THE GRIFFIN PIPELINE (WA: PL 19)**



INTRODUCTION

CMS Gas Transmission Australia (CMS) is currently (to the best of our knowledge) the only third party shipper on the Griffin Pipeline (WA: PL 19). As such, CMS is vitally interested in issues associated with access to the Griffin Pipeline.

PREPARATION OF ACCESS ARRANGEMENT

SAGASCO South East Inc. (SAGASCO) is currently seeking a 90 day extension for the submission of its Access Arrangement for the Griffin Pipeline. This application, if successful, would double the time available to SAGASCO for the preparation and submission of its required documentation.

CMS acknowledges that the preparation of Access Arrangement and associated Access Arrangement Information documents within 90 days is an onerous task given the requirements of the National Third Party Access Code for Natural Gas Pipeline Systems (the Code). However, CMS itself has prepared an Access Arrangement and Access Arrangement Information within the 90 day schedule originally stipulated under the Gas Pipelines Access (Western Australia) Act 1998.

Thus, CMS is aware that the task, although difficult, is nevertheless achievable.

If the 90 day extension sought by SAGASCO is granted, a Final Decision on the Griffin Pipeline Access Arrangement could be expected in February 2000 given that the evaluation and approval process by the Office of Gas Access Regulation (OffGAR) spans the nominal allocated time of 6 months. This compares with a Final Decision made nominally in November 1999 if the originally mandated submission schedule had applied.

IMPACT OF EXTENSION

CMS is faced with the requirement of making strategic decisions regarding its future use of the Griffin Pipeline by the middle of November 1999.

At present, the cost of transport in the Griffin Pipeline constitutes a significant proportion of the cost of transporting gas from Tubridgi to Mondarra. Therefore, the decisions regarding the future use of the Griffin Pipeline and the consequential effects on associated contracts carry considerable importance.

If a 90 day extension is granted and the OffGAR evaluation and approval process runs to the schedule nominated in the Code, a Final Decision for the Griffin Pipeline will not be handed down by the time CMS must make its (critical) decisions.

If the Access Arrangement for the Griffin Pipeline is not in place by November 1999, CMS will face greater uncertainty regarding both tariffs and terms and conditions of access than would be the case if the Access Arrangement were finalised. CMS would also potentially not have access to the avenues for dispute resolution and arbitration available under a Code mandated Access Arrangement.

Therefore, it is possible that CMS could be disadvantaged by a delay in the completion of the Griffin Pipeline Access Arrangement. Such disadvantage would stem from the increased commercial risk resulting from the uncertainty surrounding the tariffs and terms and conditions applicable to transport in the Griffin Pipeline. Such increased could potentially have a negative real dollar impact on CMS' earnings.

SUBMISSION

As a pipeline operator which faces direct pipeline on pipeline competition from the Dampier to Bunbury Natural Gas Pipeline and the AlintaGas distribution system, CMS seeks to be in the best position possible when it makes strategic decisions regarding its future use of the Griffin Pipeline.

CMS therefore requests that OffGAR give consideration to implementing a revised (overall) schedule for either or both the date of submission and the OffGAR evaluation and approval process which would permit finalisation of the Griffin Pipeline Access Arrangement by the middle of November 1999.