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24 May 2006

Our Ref: MJB:226603  
Contact: Neil Gentilli

Mr James Saunders  
Registrar  
Western Australian Gas Review Board  
GPO Box L890  
Perth WA 6842

**BY EMAIL: [jrsaunders@kottgunn.com.au](mailto:jrsaunders@kottgunn.com.au)**

**ATTENTION: MR J SAUNDERS**

Dear Sir

**WESTERN AUSTRALIAN GAS REVIEW BOARD - APPEAL 2 OF 2005  
APPLICATION TO BE HEARD – ELECTRICITY RETAIL CORPORATION**

We act for the Electricity Retail Corporation, a body corporate established under section 4(1) of the *Electricity Corporations Act 2005*.

We refer to the Gas Review Board's notice requesting applications to be heard in relation to DBP's Appeal 2 of 2005 sent to our client on 3 May 2006.

The Electricity Retail Corporation claims and applies for a right to be heard by the Gas Review Board in relation to the Appeal.

**Appendix 1** to this letter sets out:

- (a) how the Electricity Retail Corporation's interests are affected by the Appeal;  
and
- (b) the grounds that give rise to a right to make submissions to the Gas Review Board in relation to the Appeal.

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The Electricity Retail Corporation has previously made submissions in relation to the matters the subject of the Appeal.<sup>1</sup>

In accordance with the Notice, the Electricity Retail Corporation's full contact details in relation to the Appeal are as follows:

Contact: Neil Gentilli  
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The Electricity Retail Corporation would welcome the opportunity to provide you with further information in relation to its application to be heard should you require it.

Please contact **Neil Gentilli** on the number above or **Matthew Bowen** on **9426 6888** if you have any questions in relation to the above.

Yours faithfully  
JACKSON McDONALD

Per:

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<sup>1</sup> Please see Western Power Retail's Submission on Alternate Part Haul and Back Haul Tariff Methodology dated 19 October 2005.

## APPENDIX 1

1. The Dampier to Bunbury Natural Gas Pipeline (“**DBNGP**”) runs from Dampier in the state’s northwest to near Bunbury.
2. The Parmelia Pipeline runs from near Dongara to near Pinjarra, thus paralleling approximately the southern one-third of the DBNGP.
3. The Parmelia Pipeline is interconnected with the DBNGP at Mondarra.
4. The Parmelia Pipeline provides a competitive alternative to the DBNGP for that section of haul for which the two pipelines are parallel. This was recognised in the decision dated 13 March 2002 in which coverage of the Parmelia Pipeline under the *National Third Party Access Code for Natural Gas Pipeline Systems* was revoked.
5. The Electricity Retail Corporation (“**Synergy**”) is a purchaser and retailer of gas and electricity in Western Australia.
6. At present, most of Synergy’s use of the DBNGP is contracted indirectly through the Electricity Generation Corporation (“**Verve Energy**”). However, in the medium term Synergy may take over those parts of Verve Energy’s gas transport and gas sale and purchase agreements that relate to Synergy, and manage them in its own behalf. Furthermore, Synergy anticipates a need for additional gas transport and gas sale and purchase agreements, and may choose to secure these in its own right rather than through Verve Energy.
7. Synergy’s interests are affected by the appeal because of the following factors:
  - (a) As a purchaser and prospective purchaser of gas at the wellhead from gas producers, Synergy participates in the gas purchase marketplace, and has an interest in seeing increased competition between gas producers.
  - (b) Synergy has a Power Purchase Agreement with NewGen Power Pty Ltd, in respect of its proposed combined cycle gas turbine power station at Kwinana, and hence has an indirect interest in competition in the market for the supply of gas to that power station.
  - (c) As a seller of gas, Synergy wishes to transport gas through the DBNGP, either full-haul to gas consumers in the south west of WA or part-haul as far as Mondarra. By transferring the gas out of the DBNGP at Mondarra, Synergy is able to make use of the Mondarra Gas Storage Facility and the Parmelia Pipeline in a range of ways to facilitate its provision of gas to its customers.
  - (d) Synergy currently supplies gas to the Regional Power Corporation (“**Horizon Power**”) for use in the Hill 60 power station at Mount Magnet, which is supplied by the Mid-West Pipeline which interconnects with the DBNGP at Eradu Road just north of Geraldton.
  - (e) Synergy may also supply gas to other power stations, for example (but not exclusively) where Synergy has entered into a Power Purchase Agreement with the power station operator.
8. Because of at least the factors listed in paragraphs 7(c), 7(d) and 7(e) above, Synergy has an interest in ensuring that the P1 and B1 reference services and

reference tariffs remain and hence in opposing Grounds 1 to 4 of DBP's appeal. Synergy contemplates making submissions in relation to DBP's appeal in opposition to DBP's proposed order 1(a) in DBP's Application for Review.

9. Because of at least the factors listed in paragraphs 7(a), 7(b) and 7(e) above, Synergy also has an interest in the issues raised by Grounds 5 to 14 of DBP's appeal. Synergy is currently considering its position in this regard, but presently anticipates making submissions in opposition to DBP's proposed order 1(b) in DBP's Application for Review.
10. Further relevant information can be found in Synergy's submission to the ERA referred to in the cover letter.

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