



OFFICE OF GAS ACCESS REGULATION

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Our Ref: 1048/99

NOTICE

FINAL DECISION: RING FENCING ARRANGEMENTS TUBRIDGI PIPELINE SYSTEM

This is to notify that I have today issued a Final Decision on the application for waiver of certain ring fencing obligations lodged in respect of the Tubridgi Pipeline System [Pipeline Licence No's: WA: PL 16 and WA: PL 19]. This application was lodged by Origin Energy Resources Ltd (Origin Energy) on behalf of the Tubridgi Joint Venture Parties on 31 March 2000.

On 22 May 2000, I issued a Draft Decision advising that I did not intend issuing a notice under section 4.15 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code) granting a waiver of the pertinent ring fencing obligations. The Draft Decision and Notice calling for public submissions were placed on the Office of Gas Access Regulation web site (www.offgar.wa.gov.au) on that date.

After taking into account:

- additional information relating to the Regulator's ability to grant a waiver subject to specified conditions;
- an assessment of the application for waiver of ring fencing obligations against the requirements of the Code;
- issues raised in two submissions lodged in respect of the Tubridgi Pipeline System; and
- a proposal by Origin Energy to put in place a new management agreement to ensure the confidentiality of information provided to the pipeline Service Provider by a Prospective User,

I intend to issue a notice under section 4.15 of the Code granting a waiver of the ring fencing obligations required by sections 4.1(b), 4.1(h) and 4.1(i) of the Code in respect of the Tubridgi Pipeline System. This notice would be in accordance with section 4.23 of the Code. The waiver, when issued, will be subject to conditions that, if realised, could cause the waiver to be revoked.



The trigger that could result in the waiver being revoked is if any of the following events occur:

- Where an excess of realised gas throughput occurs over forecast gas throughput. The proposed Access Arrangement currently being assessed by the Regulator and for which a Draft Decision was issued on 7 August 2000, seeks a trigger for review of the Access Arrangement if the annual demand for the Tubridgi Pipeline System in 2003/04 or 2004/05 is likely to exceed, by 5000 TJ or more for either year, the forecast throughput used to determine the Reference Tariff. The Draft Decision envisages that an independent report on the forecast demand for the Tubridgi Pipeline System be completed by 31 March 2002. It is proposed that the waiver be reviewed by the Regulator if such a report concludes that the annual demand for the Tubridgi Pipeline System in 2003/04 or 2004/05 is likely to exceed, by 5000 TJ or more for either year, the forecast throughput used to determine the Reference Tariff. The purpose of the review is to determine whether the waiver should be revoked.
- A request is made by a Prospective User to the Regulator for the waiver to be revoked because the Prospective User is seeking access to the Tubridgi Pipeline System for the transport of natural gas.
- The Access Arrangement currently being assessed by the Regulator and after it is approved, becomes subject to review in accordance with the provisions of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code).

To ensure that confidential information provided to the pipeline Service Provider by a Prospective User remains confidential to the Service Provider, Origin Energy has proposed a management agreement that will place the pipeline business with Origin Energy Asset Management Ltd (OEAM), which is a separate division of Origin Energy Ltd.

It is proposed that the management agreement between the Tubridgi Parties and OEAM be concluded and submitted to the Regulator for review by 21 February 2001 before the notice under section 4.15 is issued.

To provide the necessary time for the proposed management agreement to be concluded and reviewed by the Regulator, a further extension of time to 31 March 2001 is hereby granted under section 7.19 of the Code for Origin Energy to comply with the requirements of sections 4.1(b), 4.1(h) and 4.1(i) of the Code.

Copies of the Final Decision are available from the Office of Gas Access Regulation by contacting Mr Mike Jansen on telephone +61 8 9213 1925 or facsimile +61 8 9213 1999, or from the Office's web site (www.offgar.wa.gov.au).

KEN MICHAEL
GAS ACCESS REGULATOR

21 November 2000