

4/53/8-P1
Mr J E Hennessy
9486 3220

12 November 1999

Mr Philip Brown
Office of Gas Access Regulation
6th Floor
197 St Georges Terrace
PERTH WA 6000

Dear Mr Brown,

Comments on Draft Decision: Parmelia Pipeline Access Arrangement

I refer to the Draft Decision by the Regulator on the proposed Parmelia Pipeline Access Arrangements and your request for comments. The following comments are provided from the perspective of AlintaGas' Trading Division ("**AlintaGas Trading**"). AlintaGas Trading procures, ships and markets natural gas. These activities are separate from the distribution of natural gas, which is the responsibility of AlintaGas' Distribution Division.

Ring Fencing

AlintaGas appreciates that ring fencing, whilst part of the National Access Code, is not required to be addressed in the Access Arrangement.

AlintaGas, however, notes that Section 4.1 of the National Third Party Access Code for Natural Gas Pipeline Systems (the "**Code**") requires CMS to comply with various minimum ring fencing obligations. Section 4.3 of the Code also permits the Regulator to impose additional ring fencing obligations on CMS.

Ring fencing of CMS's activities is an important issue for AlintaGas Trading. AlintaGas Trading considers that it would be appropriate for CMS's ring fencing obligations to be considered as part of the Access Arrangement. Ring fencing obligations were incorporated under Division 2.2 of the Gas Transmission Regulations 1994 and are included as Part 2 of the Dampier to Bunbury Pipeline Regulations 1998.

AlintaGas Trading is of the opinion that the Regulator should ensure a complete separation between CMS's gas transportation and marketing activities by requiring CMS

to comply with additional ring fencing obligations. Without a complete separation of activities, participants in the Western Australian gas industry will not be competing on a level playing field.

Spot Services

AlintaGas Trading suggests that it would be more appropriate to have a Reference Service whereby a User can contract with CMS for multiple purchases of Spot Services over a reasonable period of time.

Entering into a new Spot Service agreement on each and every day that a Spot Service is required could become impractical. A longer duration Reference Service for Spot Services in the Access Arrangement would be more comforting for a prospective User, rather than hoping that CMS's self-interest as a service provider will always prevail over CMS's interests as a marketer of gas.

AlintaGas Trading would welcome the opportunity to provide further input and comment on the above and would also appreciate the opportunity to comment on any future modifications to the Access Arrangement.

Yours sincerely,

J E Hennessy
Manager Gas Supply