

Our Ref : Parmelia AAI
Your Ref : Gas Safety
November 5, 1999

Philip Brown
Office of Gas Access Regulation
Level 6, 197 St Georges Tce
PERTH WA 6000

Subject : Public Submission - CMS Parmelia Pipeline Access Arrangement - Draft Decision

Dear Mr Brown,

This letter responds to the Office of Gas Access Regulation (OffGAR) DRAFT DECISION (the decision) on Access Arrangements (AA) submitted by CMS Gas Transmissions Australia, a Cayman Islands Corporation, in respect to the Parmelia Pipeline, decision dated 27 October, 1999.

Section 9 of Part B "Supporting Information" for the decision deals, in part, with this company's submission dated June 9, 1999. We note that OffGAR sought independent expert advice on the levels of capital and operating expenditure and investment and activities necessary to meet safety standards, and on the basis of this advise, is satisfied that the elements of the decision adequately account for safety matters. These criteria must be a matter for public record. We submit that OffGAR's assurance falls short of the Code's requirement for a tariff design to ensure the safe and reliable operation of the pipeline.

With respect, the language of the Code at section 8.1(c) would preclude any self-certification, deemed to comply on declaration of the first party; or an adoption of an opinion of any second party. Pipeline safety and a gas suppliers' safety obligations can only be ensured by demonstration of compliance with the legislation and appropriate safety standards; detailing obligations in the "Service" and funding safety in the "Tariff". Again we refer to the decisions of the Victorian Office of the Regulator General (ORG) and the transparency of the independent experts reports, the systems the final decision put in place for reliability targets, pipeline asset management policies and the need for ongoing auditing by ORG of key performance indicators to ensure gas safety. These elements are lacking in OffGAR's consideration of the AA, AAI and in the draft decision.

Gas safety in the context of industrial consumers is a prime legislative obligation upon gas suppliers; such a core service must be apparent in any AA or AAI in Western Australia; in respect to gas supplied from the Parmelia pipeline we continue to note:

- Gas continues to be supplied by CMS from the Parmelia pipeline to industrial installations which do not meet the requirements.

- The continued lack of available documentation from the applicant such as “Approval Requirements for Type B Appliances” which assist industry to comply with a gas suppliers safety obligations under Section 13 of the Gas Standards Act, 1972 as amended (the Act).
- A lack of gas supplier Type B (industrial) appliance approval labels as detailed in Australian Standard AS 3814 - 1998 (AG 501) “Procedures for the Approval of Industrial and Commercial Appliances”, Appendix B-1.
- A general lack of knowledge amongst CMS gas users of the requirements of a consumers gas installation and the role played by the gas supplier in Western Australia.
- Concerns from some of these consumers as to risks associated with the safe installation, certification, approval and operation of industrial appliances.

The cost of maintaining gas safety is of interest and concern to industry and Government. Certainly our company as a significant manufacturer of industrial gas appliances supports the application of the existing system including mandatory inspections and insitu certification and approvals sponsored by gas supplier obligations under the Act.

Regulatory oversight by Government must enforce the mandatory safety obligations of gas suppliers stipulated in legislation, such obligations must also be detailed in the “Service” (Code section 3) and funded by the “Tariff” (Code section 8) in any decisions on access arrangements. Prudence and legislative compliance cannot be replaced by opaque “commercial-in-confidence” independent reports, Ministerial exemptions from safety requirements or adoption of a “duty of care - deemed to comply by self declaration” substituted basis for gas safety.

The opportunity to comment on the Access Arrangement Draft Decision is appreciated. We seek your further consideration of pipeline safety and gas suppliers safety obligations in the AA and AAI and urge you to consider the approach adopted by ORG in the Victorian decision and to incorporate these considerations in the OffGAR Final Decision.

Yours faithfully,

PETER J. STEWART

Director

COMBUSTION AIR PTY LTD