

12 September 2000

Kanwaljit Kaur
Acting General manager
Regulatory Affairs – Gas
Australian Competition & Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Mr Kaur

Moomba-Adelaide Pipeline System Access Arrangement

ACCC Draft Decision

Thank you for your letter of 25 August 2000 inviting submissions on the draft decision. AGL agrees with the concept of the draft decision and the proposed amendments by ACCC to the arrangements.

We do, however, have some concerns about whether the proposed amendments are likely to have the effect intended by the ACCC.

1. Treatment of existing contractual rights. We do not have confirmation that the contractual rights of Terra Gas Trader (TGT) and Origin to 100% of the existing capacity of the pipelines are in fact "Exclusivity Rights" that arose on or after 30 March 1995. Express amendments to the proposed access arrangement should clarify this point beyond any doubt.
2. Can TGT and Origin constrain the ability of Epic to provide access to third parties even without the exclusivity rights?
3. Transfer of capacity. The requirement to release capacity where a customer is lost does not appear to apply to capacity reserved under existing haulage contracts.
4. Revised Access Arrangement. We attach further comments for your consideration.

We look forward to the public consultation forum in Adelaide in November 2000. In the meantime, if you require further information, please contact Mike Bailey on 08 8404 4062.

Yours sincerely

John Barton
General Manager South Australia

**AGL'S COMMENTS ON
EPIC ENERGY SOUTH AUSTRALIA'S
DRAFT ACCESS ARRANGEMENT
DATED 29th AUGUST, 2000
FOR THE MOOMBA TO ADELAIDE PIPELINE SYSTEM**

Clause(s)	Description	Comment
4.2(a)(iii)	Composition of FT Service	AGL questions whether delivery points nominated in existing transportation agreements should be excluded from consideration for FT Service Agreements, given that access might be available in the future during the term of the Access Arrangement.
6.7(d)(i)(A)	Queuing Policy for FT Service	AGL finds this paragraph unclear and queries why the Service Provider must delay the determination of Spare Capacity until the following 1 st July.
10.4(b) 10.4(e)	Annual Clearance of the Queue – FT Service	As AGL commented previously, the inability of the Service Provider to determine whether capacity exists until the following 1 st July reduces the Prospective User's ability to explore new opportunities and enter into new contracts, as well as devaluing the queuing system. The Service Provider should make frequent assessments of the state of the queue and when capacity may be made available.
10.4(h)(i)(A)	Annual Clearance of the Queue – FT Service	AGL believes it would be more appropriate if the Proceeding User were required to pay the Estimated Capital Contribution rather than the Notified Capital Contribution, since the Notified Capital Contribution is likely to be inflated by the Proceeding User to ensure that its FT Request is satisfied.
10.4(k)	Annual Clearance of the Queue – FT Service	It would be more equitable for Notifying Users whose Notified Capital Contribution is less than the Estimated Capital Contribution to be allowed a grace period to re-submit their Notified Capital Contribution, rather than being arbitrarily returned to the queue for the sake of a conservative capital estimate.
11.2	Term	AGL submits that a two year minimum term is inappropriate as it does not match customers' likely requirements. A one year minimum term is preferred.
11.3(a)	Extension of Term	As discussed in the comment on Clause 11.2, a one year extension is preferred.
13.3	Delivery Point Pressure & Temperature	AGL suggests that any amendments proposed by the Service Provider can only occur in consultation with the User, in order to meet downstream obligations.