



18 May 2001

BHP Petroleum

Ms Kanwaljit Kaur
Acting General Manager
Regulatory Affairs - Gas
Australian Competition and Consumer Commission
P O Box 1199
Dickson ACT 2602

Dear Ms Kaur

**Re: Draft Decision - Access Arrangement for the Principle Transmission System
Application for Revision South West Pipeline**

BHP Petroleum thanks the Commission for the opportunity to make a submission on it's South West Pipeline Draft Decision. BHP Petroleum welcomes the ACCC's Draft Decision being the rejection of GPU's roll-in application and the proposed tariff structure and we congratulate the ACCC on a in-depth investigation. We make the following comments:

System Wide Benefits

This Draft Decision together with the Commission's Final Decision covering the roll-in of the Interconnect Assets has provided a degree of clarity around the ACCC's examination of the Codes system wide benefits test. BHPP agrees with the Commission that the system wide benefits of infrastructure must be clear and compelling before it can be rolled in to a Service Providers regulatory asset base. Essentially the principle that User's should only pay for the assets they use has been reinforced. Only in exceptional circumstances should this principle be breached.

Victorian Government Capital Contribution to GPU

Details of Victorian tax payer's capital contribution to GPU are slowly coming to light. The missing \$37 million appears to have been used to fund two compressors on the Moomba to Sydney pipeline located at Young and Bulla Park. These compressors provide 42 tj/d of additional capacity through the Interconnect. The ACCC must in any future system wide benefits roll-in application consider the system security and competition benefits provided by these compressors. Victorian gas users via their taxes have already paid for them. They should not have to pay for any additional system wide benefits infrastructure until the benefits available from what they have already paid for are fully utilised.

Rejection of GPU's Proposed Tariff Structure

The Commissions outright rejection of GPU's proposed tariff structure is entirely correct and should be supported by the entire gas industry. It is unfortunate that GPU sought to opportunistically target recoveries from one market segment (those that use peak day injection gas supplied via the Longford injection point) rather than from all users.

If the you or your staff would like to discuss this submission please feel free to contact the undersigned on (03) 9652 6609.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Martin', with a long horizontal flourish extending to the right.

Colin Martin
Manager Commercial

Ref: CM2627