

18 October 2002

Mr Alex Ralston; Project Manager
Australian Competition and Consumer Commission
Level 5
77 Castlereagh Street
Sydney NSW 2000

Registered Office
Suite 4, Level 1
622 Ferntree Gully Road
Mulgrave Victoria 3170

Telephone 03 9561 6100
Facsimile 03 9561 7799

mail@energyadvice.com.au
www.energyadvice.com.au

Dear Alex,

GasNet Australia Pty Ltd Principle Transmission System - Proposed Access Arrangement

Further to our submission dated May 2002, Supplementary Submission dated 19 September 2002 and our discussions of 27 September 2002, I wish to address the issue of long term pricing signals necessary to promote stable, predictable and sustainable industry investment.

Whilst I acknowledge that the likelihood of the Victorian gas transmission system (currently the subject of Access Arrangement review by the ACCC) being “constrained” and resulting in Congestion Uplift payments by users is low, I submit that the majority of industry in Victoria requires long term stable, predictable and sustainable utility pricing to enable it to plan for future developments. Achieving such predictable input costs cannot be maintained through an Access Arrangement which varies its tariff formulation on a short timeframe of 5 years.

Dr. John Tamblyn, Chairman, Essential Services Commission Victoria, stated at the Energy Users Association of Australia conference in Melbourne on Wednesday of this week, in reference to gas access arrangements, that “...more emphasis should be given to long term than to short term.”

I propose that the ACCC should be mindful of Dr. Tamblyn’s contention when considering the relevance of the demand component of the revenue projected to be captured by the currently proposed GasNet Access Arrangement. A long term consideration would produce a tariff that recognises the true long term value of high and counter-seasonal load factor gas demands serviced by the GasNet gas transmission system.

I contend that a 5 year timeframe is not considered to be long term when addressing major industrial developments with high capital costs. Furthermore, I propose that pricing signals should not be subjected to the current aberration that the system is not forecast to be constrained during the 2003 – 2007 access arrangement period.

I ask that the Commission require GasNet to redesign the proposed tariff to favour high load factor and counter-seasonal gas demands serviced by the Principle Transmission System.

Yours sincerely

Rick Gallienne
Director