

# BHPB Minerals Pty Limited Submission

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## Proposed Revisions to the Access Arrangement by Epic Energy Queensland Pty Ltd for the Ballera to Wallumbilla Natural Gas Pipeline (South West Queensland Pipeline)

### 1. Purpose

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BHPB Minerals Pty Limited (**BHPB Minerals**) wishes to respond to the Issues Paper dated July 2004 circulated by the ACCC in relation to a proposal by Epic Energy Queensland Pty Ltd (**Epic**) for revisions to its access arrangement and access arrangement information for the Ballera to Wallumbilla Pipeline (**SWQP**). BHPB Minerals' principal interest is as the owner/operator of the Cannington Mine, which is a gas customer in North West Queensland.

The BHP Billiton Group also has interests in coal seam methane in the Bowen Basin, and is experiencing constraints on transportation within different parts of Queensland.

### 2. Interim Submission

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BHPB Minerals notes that Epic proposed to provide the ACCC with a submission supporting its desired revisions but that it has yet to do so. In the absence of such a submission, it is difficult to understand the rationale being put forward for some of the changes. Accordingly, BHPB Minerals wishes the opportunity to make further submissions upon being given a proper opportunity to review the Epic submission when it is published.

### 3. Services policy

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BHPB Minerals opposes the proposed removal of all AFT services. It believes that each of the AFT service classes may prove to be important, with the developing coal seam methane resources in Central Queensland, which can be expected to form in the future (perhaps the near future) an important source of competitive gas supply to both the east coast and to North West Queensland. Furthermore, this supply may seek to utilise access to the SWQP through the Gilmore Basin Pipeline or access from the south via a Moomba to Sydney Pipeline interconnection.

BHPB Minerals would welcome the opportunity to elaborate further on this, on a confidential basis.

It will not be sufficient to wait until competitive gas in significant volumes is available because their ability to compete with existing sources will be curtailed, if not eliminated, by the uncertainty of a delivered price to North West Queensland, given the time that it would take to re-establish a back haul tariff, or, worse, to arbitrate the tariff on a contract-by-contract basis.

### 4. Terms and conditions

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BHPB Minerals has no comments on the proposed amendments to its access arrangements terms and conditions except to note that, to the extent they are consequential on other revisions being proposed which BHPB Minerals in this submission does not support, BHPB Minerals likewise does not support the amendments.

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## **5. Extensions and expansions policy**

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BHPB Minerals believes that any extensions or expansions of the SWQP should be covered under the National Gas Code, given the strategic positioning of the SWQP potentially connecting northern, western and eastern markets. As previous experience has shown, the absence of regulation of any key extension or expansion would permit anti-competitive outcomes. The Queensland Government derogation is limited, both to forward haul services, and to a volume which, while apparently leaving great scope for expansion at the moment, could, in certain scenarios which can be contemplated as realistic, be exceeded during the term of the access arrangement.

## **6. Term and review of access arrangement**

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BHPB Minerals opposes the removal of a major events review trigger. Over the term of the access arrangement, many commentators predict substantial changes to the gas transmission systems and gas flows in Australia, particularly as a result of potential gas suppliers from the North West and from Papua New Guinea. This has the potential to make major changes in gas markets and the economics of gas transmission lines. Epic invested on the basis of the current arrangements and we can see no basis for ameliorating its current regulatory position, especially in the light of the potential for such significant changes to occur.