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Revisions to GPU GasNet
Principal Transmission System
Access Arrangement

Ms Kanwaljit Kaur
Acting General manager
Regulatory Affairs - Gas
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Kanwaljit,

ExxonMobil Gas Marketing is appreciative of the ACCC granting us the opportunity to provide an additional submission in relation to the proposal made by GPU GasNet for revisions to the Principal Transmission System Access Arrangement.

We would like to reaffirm the principal arguments that we made in our December 15, 2000, submission to the ACCC. We would also like to stress the importance of the precedent that this decision will set in relation to existing and future transportation systems and the industry they are part of.

The Allen Consulting Group have prepared an independent report into the proposed roll in of the SouthWest Pipeline asset into the assets of the Principal Transmission System (PTS). This study identifies a number of major issues relating to the GPU GasNet proposal that the ACCC should take into consideration in their review process.

System Security Benefits

The GPU GasNet proposal fails to clearly identify and quantify the system security benefits to all PTS Users.

The Western Link

The Western Link provides little if any benefits to PTS users. If it is to be included in the PTS then there is no reason why the users of the Western Link should not bear its entire cost.

The SouthWest Link

The GPU GasNet Tariff proposal fails to ensure that the appropriate revenue is gained from the users of the service.

Competition

The proposal requires PTS users to cross-subsidise the Southwest Pipeline in order to artificially improve the economics of Otway production and the WUGS facility. There is no evident competition benefit to subsidise Otway producers and disadvantage new entrants in the Gippsland basin.

Interruptible customers

Under the proposal, interruptible customers who pay for firm service would bear their full share of the costs of the project. However, such users clearly do not benefit from the potentially enhanced system security that the project claims to provide.

Market Distortion

The costs are not recovered from users in a way that least distorts consumption decisions. By recovering most of the cost from the Longford injection charge it potentially distorts upstream investment decisions.

We believe it is important to the industry and in support of proper competition principles that the ACCC use the discretion granted to it under the code to fully consider the major issues raised here when reviewing the Revisions proposed by GPU GasNet.

It is our view that the GPU GasNet proposed cost allocation and tariff structure is clearly inconsistent with the principles underpinning the Code and should be rejected.

If you have any questions regarding the issues raised in this submission please contact Tony Le Page on 03 9270-3380 or my self on 03 9270-3388.

Yours sincerely,

Frank Slebos
Gippsland Gas Marketing Manager
Esso Australia Pty Ltd
for and on behalf of
Esso Australia Resources Pty Ltd