

DBP

Dampier Bunbury Pipeline

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Gas Market Leaders Group
Email: john.savage@vencorp.vic.gov.au

Dear Sir,

Dampier Bunbury Pipeline response to the Bulletin Board Business and Data Requirements consultation paper.

DBNGP (WA) Transmission Pty Ltd, on behalf of the Dampier Bunbury Pipeline group of companies (DBP), welcomes the opportunity to lodge a submission in response to the Bulletin Board Business and Data Requirements consultation paper released for comment in June 2007 as part of the National Gas Market Development Plan.

DBP's industry association, the Australian Pipeline Industry Association (APIA), has participated in the consultation process relating to the proposed bulletin board through its participation in various working groups and the lodgement of submissions. While DBP endorses the APIA position, the objective of this submission is to provide feedback on the relevance of the proposed bulletin board and its application in the Western Australian gas market. In addition, this submission raises issues that are principally related to the DBNGP.

Existing arrangements already enable the market to operate effectively

DBP notes that the objective of a bulletin board is "to facilitate trade in gas over the relevant pipeline system through the provision of system and market information which is readily available to all users, potential users and other interested parties."

DBP submits that the following arrangements already in place, give stakeholders sufficient system and market information. Accordingly, establishing a bulletin board would appear to simply create duplication.

- WA already has an active emergency response process through the WA Gas Emergency Co-ordination Group comprising government, producers, pipeline owners, pipeline operators, distributors and major users. In the event of a national or east coast emergency, supply and transmission in the west have no impact on operations in the east.
- The DBNGP already posts any spot (interruptible) capacity that is available on the DBNGP each day via DBP's customer reporting system. Spot Capacity is able to be

accessed by any party through a bidding process, the bulletin board would duplicate the posting of this information but offer no benefit to the current arrangement or any secondary contracting function.

- The Gas Code (and the proposed National Gas Law and National Gas Rules) require service providers to make available relevant information about the capacity on covered transmission pipelines.
- A secondary trading market had been proposed as part of the original access arrangement for the DBNGP (filed in 2000) but no market participant expressed a desire for it to be implemented. The Economic Regulation Authority also has not proposed its inclusion in the two DBNGP Access Arrangements that it has drafted and approved.

It would appear that to date, no detailed analysis has been undertaken as to the adequacy of these existing arrangements.

Cost / Benefit analysis

DBP submits that the WA market is a very shallow market and questions whether the establishment of a bulletin board would provide material benefits to the market. In addition to the points outlined above, DBP notes the following:

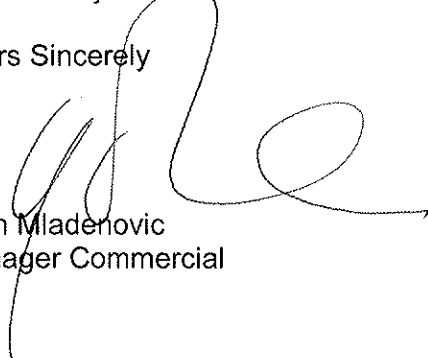
- In WA there are only four users of gas with significantly variable loads which are therefore likely to have capacity to trade on a day or a need for short term capacity.
- There are only two shippers on the DBNGP with significant fuel switch capability who are therefore able to offer capacity into the market.
- Maximum variability between daily base and peak full haul load is quite small
- DBP has, on several occasions, proposed to market participants that it establish a system that would enable information to be disclosed and trading to occur. To date, there has been no interest expressed to warrant the creation of this type of system.

Matters to be addressed

DBP submits that, if a bulletin board system is warranted for WA and is to be established, the following matters need to be addressed:

- Pre-existing contractual and statutory confidentiality obligations owed by DBP would have to be absolved through legislation
- Legislation would have to be enacted to protect pipeline owner/operator from liability arising from the data that is to be provided.
- It is understood that aggregate forecast/actual capacity data will only be provided at hub locations. There are no hubs on the DBNGP. Accordingly, DBP would need to understand the locations on the DBNGP from which data is to be provided? If it is full haul loads only, then part haul and back haul shippers (including those that access the GGP and Parmelia pipeline via DBNGP) would not be able to ascertain any information on the aggregate capacity data relevant to them.
- Given that it is proposed to involve the ERA in the regulatory framework, and the costs of that body are recovered from industry through industry specific charges, details of the likely costs of the ERA and how they are to be recovered should be outlined.

Yours Sincerely


John Mladenovic
Manager Commercial