

Queensland Major Gas Users Group

QMGUG Chair

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Objective: "To Stimulate and Maintain Competitive Delivered Gas in Queensland".

5th September 2003

Mr Tony Hinton
Gas Access Regime Inquiry
Productivity Commission
LB2 Collins Street East
Melbourne Vic 8003

RE: Queensland Major Gas Users Group: Submission on the Review of Gas Access Regime Issue Paper July 2003

Dear Mr Hinton,

Queensland Major Gas Users Group (QMGUG) welcomes the opportunity to provide input into the Review of Gas Access Regime for the Productivity Commission's considerations. This submission represents the views of QMGUG members BHP Billiton (QNI Pty Ltd and BHPB Cannington Mine), QLD Alumina (QAL), Incitec Pivot, Comalco, Tarong Energy, and Ergon Energy and focuses on matters of interest to the above group with respect to gas supply relating to Queensland.

QMGUG was formed in 2001 with the agreed objective "*To Stimulate and Maintain Competitive Delivered Gas in Queensland*". The group meets on a regular basis and provides a joint forum for communication and discussion of issues with other sectors of the gas industry in Queensland. Major market participants and government (via Office of Energy) attend the forum. QMGUG represents the majority of the gas users in the current Queensland market, and also a majority of those participants likely to be involved in expanding the market via major new supply facilitation (gas contracts) in the short to medium term.

QMGUG considers the Gas Access Regime effective in part but in need of further improvements in the following areas:

1. All new pipelines, excluding those built by companies for their own use which are not intended for public access, should be covered by access arrangements prior to construction or licence award (whichever is the earliest), unless just cause can be shown why this should not be the case. Under the current Gas Access Regime, third parties can only apply for coverage of a pipeline once it has been constructed and commissioned. This is too late to be of any use to many potential contracting customers and their associated business/project decision deadlines.
2. Transmission pipeline pressure should be fixed at a value ensuring free flow of gas between connecting pipelines. The flow of gas should only be controlled or restricted for pipeline operational reasons.

3. Nodal or transfer points of transmission pipelines should be accessible to users for the purpose of gas trading in a competitive environment.
4. Pipeline licences and conditions should be disclosed to the public. Users can then assess the impact of any proposed changes or amendments (such as pressure control, additional pipeline connections, etc) on the pipeline's operation.
5. Users should be given the choice to purchase gas ex field, un-bundled from transportation.
6. Regulators should have the ability to review any bona fide trade restriction issues quickly and efficiently.
7. We are in support of gas trading between the states and therefore require a common national gas specification, provided user agreement can be reached on the specification including type and level of contaminants and inerts.

Based on our gas user experience, QMGUG would welcome the opportunity to amplify this submission with the Productivity Commission at a later stage. Members of the Productivity Commission are welcome to meet with the above listed QMGUG members at any stage during the Inquiry.

Yours Sincerely,

John Rich
QMGUG Chair

Cc: QMGUG listed members
Qld Office of Energy