



03 October 2000

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

61 Mary Street
Brisbane QLD 4870
PO Box 107 Albert Street
Brisbane QLD 4002
Telephone 07 3228 8222
Facsimile 07 3228 8118
Website www.ergon.com.au

Our Ref: R-00-231

FILE No	
DOC	17

Dear Ms Kaur

APPLICATION FOR AUTHORISATION OF JOINT MARKETING BY PNG GAS PRODUCERS

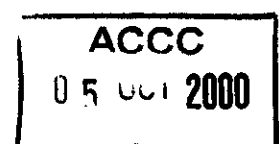
We refer to your electronic mail message of 26 September 2000 which provided a copy of a paper forwarded to the Australian Competition and Consumer Commission ("ACCC") by Santos, regarding their existing and future ring-fencing arrangements in relation to the PNG Gas Project. Your e-mail sought further comment from interested parties regarding these ring-fencing arrangements.

In our letter to the ACCC dated 22 September 2000, Ergon Energy discussed the need for appropriate quarantining of commercial information in regard to the granting of the revised interim authorisation. We have no specific comments to make in relation to the structures and procedures detailed in Santos' paper, as the efficacy of these arrangements are a matter for the ACCC. We do believe however that these arrangements would be more credible, and more importantly they would be seen to be more credible, if they applied also to Exxon and if the ACCC retained the right to audit their effectiveness.

In this regard we believe the condition included in the authorisation could be either:


- a) a requirement as per Ergon Energy's letter of 22 September; or
- b) a requirement that the ring-fencing arrangements submitted by Santos be maintained and audited in a process to be determined by the ACCC to ensure effectiveness.

Based on the fact that the PNG Gas Producers' application sought the inclusion of both Santos and Exxon in the authorisation for joint marketing, any requirements in relation to the interim authorisation should apply to both parties. In this regard we believe the first condition is more appropriate as it ensures both Exxon and Santos are covered, while acknowledging that the ring-fencing proposal offered by Santos may be acceptable to comply with their part of the condition at (a) above.



Ergon Energy is grateful for this additional opportunity to comment. If you have any further queries, please do not hesitate to contact me on (07) 3228 8116.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DB', with a long horizontal line extending to the right.

Darren Barlow
Manager Regulation