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PULP, PAPER, PACKAGING AND  
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REF: HO.32RH02  
23 July 2002

Ms Kanwaljit Kaur  
General Manager  
Regulatory Affairs – Gas  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

**RE: Re-Authorisation of Market and System Operation Rules.**

Dear Ms Kaur,

Visy Industries would like to thank you for the opportunity to input to the ACCC's consideration of the application for Re-Authorisation of Market and System Operations Rules by Victorian Energy Networks Corporation. As you are aware Visy is a direct customer operating within the Victorian gas market and generally believes the market structure is working well.

With respect to the substantive matters raised in the ACCC's issues paper, Visy makes the following observations.

#### **Allocation Agents**

Recently we received a copy of the Longford Allocation Master Agreement. Our concern with joining the agreement is our belief that the arrangement and the reflective MSOR were based around the Gascor contracts and did not reflect anticipated inclusion of other participants within the market.

Visy's contract is with Esso/BHP and not with Gascor. Therefore we do not believe that Visy should be required to join an agreement that does not add value to the process and which in our view is anti-competitive. Esso/BHP injects the gas based on nominations from Visy and itself and cannot understand why another organisation is required.


We would request the review look at the issues of the LAMA agreement, as it is our belief that this maybe a barrier to entry by other participants. Further, the fact that LAMA fees are split equally and not proportionately to gas injection volumes may also restrict other potential participants from entering the market. Further it is believed sections 3.5.2(i) and (j) of the MSOR allow our company to continue to conduct business in the same manner it has since becoming a market participant nearly three years ago.

**Period of Authorisation**

Visy understands that Vencorp would like to extend the authorisation period to 2012. It is Visy's belief that the Vencorp processes for changes to rules are sufficient with regard to the issue of extension approval. We believe that this would also increase the stability of the gas market and market operation.

I would be happy to make further comment if required and in my absence I would nominate Stephen Bridger to discuss any issues from our companies perspective.

Yours sincerely,



*del*  
Ron Hardwick  
Group Technical Consultant

CC: David Murphy – BHP – Fax 03 9652 6112  
Frank Slebos – Esso – Fax 03 9270 3996