

Darrell Channing
Director, Adjudication Branch
Australian Competition & Consumer
Commission
GPO Box 3131
CANBERRA ACT 2601

12 June 2009
Matter 81535325

Dear Mr Channing

REMCo Applications for Authorisation A91136 - A91138

Thank you for your letter of 10 June 2009 providing us with a copy of the DBNGP (WA) Transmission Pty Limited (DBP) submission, which the ACCC received on 9 June 2009.

DBP have raised a contractual issue, which does not affect our submission that the Retail Market Rules (RMR) result in significant net public benefits and are widely regarded to be operating well in practice.

The DBP submission states that the contracts that DBP has entered into with shippers require DBP to make allocations before 11am, whereas the RMR require REMCo to make allocations by 12.30pm.

This matter was discussed at the time that the RMR were being developed and it was agreed to use the REMCo allocations in relation to the pipeline contracts to ensure consistency across delivery points and with respect to the shipper contracts. It was expected that DBP would amend shipper contracts where necessary to enable it to comply with the RMR. Alternatively, the RMR rule change procedure (Chapter 9) was designed specifically to deal with this kind of technical issue and has been available to DBP since the RMR commenced.

The DBP raised this matter during the review by the Economic Regulation Authority of Western Australia (ERA) of the REMCo Gas Retail Market Scheme in 2007. The ERA's Final Report released in April 2008 noted the contractual nature of the issue and the availability of the rule change procedures and concluded that the REMCo gas scheme was operating satisfactorily and that no changes to the provisions of the scheme to achieve the relevant legislative purposes appeared to be warranted.

The DBP submission raises a contractual, not a competition, issue. There are more appropriate avenues for resolving this issue (commercial negotiation or RMR rule change), if necessary, than the ACCC authorisation process.

Please feel free to contact us if you would like any further assistance.

Yours sincerely



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