

17/04/03

Ms Ruth Lavery  
Program Manager, Gas  
Independent Pricing and Regulatory Tribunal  
Level 2  
44 Market Street  
SYDNEY NSW 2000

Dear Ruth

**Re: PROPOSAL TO DELAY 2004 IPART REVIEW OF AGLGN ACCESS ARRANGEMENTS**

We make reference to a recent visit from AGLGN (10/3/03) whereby AGLGN advised us that they had applied for a 6-month delay in its Access Arrangement review. The purpose of this letter is to provide feedback to IPART on this proposal and to clearly state that Incitec believes the current timeframe should be adhered to i.e. there should be no delay.

1. We understand from AGLGN that a key driver for the requested delay is that a Gas Code Review has been proposed for 2003, however, there are still many unknowns with respect to this review:
  - What are the terms of reference?
  - No timeframes have been agreed:
    1. When will this review commence?
    2. When will this review be complete?
    3. Is there potential that this will be postponed?
  - Will the answers/principles actually be agreed by December 2003?
2. AGLGN has presented that there is a "likelihood" that the Access Arrangement Review will be superseded by the Gas Code Review and hence another Access Arrangement Review will be necessary which will mean additional costs. Incitec does not believe this to be a real risk.
3. A delay in the Access Arrangement review will mean postponement of real cost savings that Incitec believes exist.
  - AGLGN is proposing that Reference Tariffs as at June 30, 2004 will continue to apply – hence, a CPI-based price reduction.
  - AGLGN is not in support of a "retrospective" determination.These comments do not provide incentive to Incitec to agree to a delay.
4. Incitec is concerned with some of the underlying principles in the current Access Arrangement and the resultant impact on the Terms and Conditions. A delay in this review necessarily means a delay in any potential changes to both the Access Arrangement and Terms and Conditions as AGLGN is proposing that the Terms and Conditions remain unchanged.
5. We understand that AGLGN is able to meet the current June 2003 timeframe.

While we thank AGLGN for taking the time to discuss this proposal with us (and we appreciate IPART promoting consultation with stakeholders), with the information we have to hand, we do not believe there are compelling reasons for this delay.

Kind regards

**Mary Goodwin**  
**Energy Development Manager**

