



Procurement

28 February, 2005

Dr Michael Keating
Chairman
Independent Pricing and Regulatory Tribunal
Level 2, 44 Market Street
Sydney NSW 2000

Dear Sir,

PUBLIC SUBMISSION Review of AGL Gas Networks NSW Access Arrangement

CSR is a major user of natural gas across its building products sites in NSW.

During the last AGLGN Access Arrangement review process, which led to the implementation of the current AGLGN Access Arrangement (dated September 2000), CSR was a participant in a Feasibility Study which sought to develop an alternative network pipeline – effectively to bypass the AGLGN local network – due to the high tariffs then being proposed by AGLGN.

In conjunction with a number of other companies and under the management of GasAdvice Pty Ltd (now EnergyAdvice Pty Ltd), CSR submitted the full economics of the Feasibility Study to IPART in a confidential submission, whilst also providing headline conclusions via GasAdvice's Joint Submission dated 23 March 1999 (public submission).

The Feasibility Study provided compelling evidence of the viability of bypassing the AGLGN local network, based on a comparison with AGLGN's proposed network charges.

Under the terms of a confidentiality agreement with AGLGN, CSR is not in a position to include in this public submission any details of how the bypass threat was averted, other than to comment that CSR still has gas delivered to its sites via the AGLGN distribution network, including the local network.

CSR submits to IPART that there is a clear and unequivocal case for requiring AGLGN to separate trunk and local network reference services under the terms of its proposed Access Arrangement.

AGLGN's local network pricing should be robust against the threat of bypass. The fact that it is not provides clear evidence of the need for the approved Access Arrangement to be amended to allow the separation of Trunk and Local Network Reference Services, and CSR requests that IPART have regard to a number of key factors which appear to have been ignored or unreasonably dismissed by IPART in the preparation of its Draft Decision, including in particular the provisions of clause 3.2(b) of the National third Party Access Code which states:

“To the extent practicable and reasonable, a User or Prospective User must be able to obtain a Service which includes only those elements that the User or Prospective User wishes to be included in the Service”



Procurement

It is clearly both practicable and reasonable for a Trunk Service to be provided as a reference service without a corresponding Local Network Reference Service, particularly as it was IPART which required AGLGN to structure separate Trunk and Local Network Reference Services and tariffs during the last Access Arrangement review process.

CSR requests that IPART reinstate its requirement that Local Network and Trunk Services be separate reference services.

CSR notes for the record that it has also separately submitted a Confidential Submission to IPART in relation to this matter.

Yours sincerely,

Penny Harte
Procurement Manager
CSR Limited