



6 March 2001

Ms Jennifer Hocking  
Project Manager  
Queensland Competition Authority  
GPO Box 2257  
BRISBANE QLD 4001

Dear Ms Hocking

**Subject: Public Submission by Castlemaine Perkins (CP)**

Envestra has reviewed the above submission in relation to the proposed Access Arrangement. In essence, CP raise the point that if they contract for their required quantity of capacity (Maximum Daily Quantity or MDQ), then (under their current operations) they would only be utilising that capacity for several weeks each year.

It should be pointed out, however, that if a consumer requests a certain amount of capacity, then the distribution network and the metering facilities dedicated for that consumer are required to be sized to deliver that required capacity for every day of the year. That is, assets are installed to cater for the highest demand, regardless if that demand is utilised only for a short period. Envestra would not be able to recover its costs if capacity charges are based on average consumption or any basis that does not take account of maximum demand. Hence the need for capacity charges to be based on MDQ. In order to lessen the impact of widely-varying consumption patterns, such as experienced by CP, affected consumers should examine their ability to flatten their load profiles.

Notwithstanding the above, Envestra recognises that there may be isolated instances of consumers for whom the reference haulage service is not suitable. The regulatory framework allows Users to negotiate with Envestra for services other than reference services.

CP's request that Envestra include a reference service for an interruptible service is inconsistent with the purposes of an access arrangement, which is to make available to Users "one or more Services that are likely to be sought by a significant part of the market"<sup>1</sup>. The likelihood of interruptible or similar services being required is very small, and by their nature would need to be assessed on a case-by-case basis. Notwithstanding this, the service that CP contemplates appears to be more of a 'standby' or 'temporary' service as opposed to an interruptible service. In any event, clearly such services are not reference services.

Yours sincerely



Andrew Staniford  
National Manger, Regulatory Affairs

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<sup>1</sup> Section 3.2 of the National Third Party Access Code for Natural Gas Pipeline Systems