

24 May 2004

Ms Anna Witty  
National Gas Pipeline Advisory Committee  
Level 13, Wakefield House  
30 Wakefield street  
ADELAIDE SA 5000

Dear Anna

**RE : PROPOSED AMENDMENT TO THE NATIONAL GAS CODE**

TXU supports the proposed changes to the National Third Party Access Code for Natural Gas Pipelines Systems. By allowing mergers of Covered Pipeline under one Access Arrangements, the proposed changes will deliver costs saving to companies and customers.

The following comments relate to specific issues the Committee was seeking public comments on.

- TXU believes that Options 3,5 and 6 as per the **Information Memorandum** are appropriate.
- We support the proposition that all merger applications should be voluntary by the Service Provider with the Service Provider being able to withdraw the application at any point in time.
- We believe that there must be provision in the Code for the subsequent de-merging of a merged Access Arrangement as this may be required to accommodate changing circumstances. Without such a provision, the Service Provider will incur higher costs for longer periods.
- TXU does not object to the Regulator imposing conditions when approving a merger provided the conditions themselves do not impose costs that will exceed any apparent benefits from the merger. The Regulator must consult with the Service Provider (ie the Applicant) before making decisions on conditions.
- TXU does not agree with the proposition that all merger decisions should be subject to a public process. This will impose additional administrative and compliance costs even if the merger was not significant. TXU's preferred position is that Regulator be provided the flexibility in relation to whether or not to follow public consultation process in particular circumstances (such as so as to lessen the probability of an appeal).

If you require further information please contact Velu Ramasamy on 03-8628 1296.

Yours sincerely

(Signed)

Caryle Demarte  
General Manager Government & Regulatory Affairs

