

1 November 2001

Dear Sir/Madam,

Tender Approval Request – Supply of Natural Gas to the Loddon Murray Region

On 30 August 2001 the Loddon Murray Gas Supply Group (LMGSG) submitted a Tender Approval Request (TAR) for the supply of natural gas to the Loddon Murray region.

Under section 3.21 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code) any person who wishes to conduct a tender in relation to a Pipeline that has not been built may make an application to the relevant regulator, in this case both the Victorian Office of the Regulator General (ORG) and the Australian Competition and Consumer Commission (ACCC), requesting the regulator to approve the use of a tender process to determine Reference Tariffs for certain Reference Services to be provided by means of proposed new pipelines.

The LMGSG believes that an approved competitive tender is likely to produce the best outcome for potential gas consumers. Further to this, the outcomes of the tender would then be 'locked in' for a period of time, providing certainty for consumers and suppliers. The LMGSG intends to operate a single tender process for the transmission and distribution components to the maximum extent possible. The tender process is to be carried out by the Swan Hill Rural City Council on behalf of the LMGSG.

The ACCC has assessed the TAR against the criteria in section 3.28 of the Code and decided to approve the application. Attached is a copy of the decision document for your information.

Please contact David Hatfield on (02) 6243 1266 or E-mail david.hatfield@acc.gov.au or Nicole Moffatt on (02) 9230 9115 or nicole.moffatt@acc.gov.au for further information regarding this matter.

Yours sincerely

Kanwaljit Kaur
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