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Mr Lew Owens  
Chairperson  
Essential Services Commission of SA  
GPO Box 2605  
ADELAIDE SA 5001

Dear Mr Owens

Thank you for providing the Treasurer, the Hon Kevin Foley MP, and myself with the opportunity to comment on the Essential Services Commission of South Australia's (ESCOSA's) 2006 Review of Envestra's Gas Distribution Access Arrangement: Issues Paper. In my capacity as the Minister for Energy, I provide the following comments.

As you are already aware, the Ministerial Council on Energy (MCE) is currently considering the recommendations arising from the Productivity Commission's Review of the Gas Access Regime. The acceptance of most of these recommendations would require changes to the National Third Party Access Code for Natural Gas Pipeline Systems (the Code).

Until any such Code changes are operational, ESCOSA should review Envestra's Gas Distribution Access Arrangement on the basis of the current Code (version of 24 April 2003). It is likely that any changes to the Code will require transitional arrangements, which will apply to Access Arrangements that were accepted (or made) on any of the previous versions of the Code.

Given the likelihood of these future Code changes, the South Australian Government strongly supports Envestra's Access Arrangement applying for a period of no longer than five years.

Lastly, ESCOSA should ensure that the remaining unused portion of the ex-gratia payment made to Envestra by the Government is appropriately allocated to customers to continue to reduce the impact of the introduction of full retail competition, as it was intended. How this is dealt with is a matter for ESCOSA rather than through any further Ministerial directions or notices.

Yours sincerely

**HON PATRICK CONLON MP  
MINISTER FOR ENERGY**

24 March 2005