

5 May 2006

Chairperson
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001

Email: escosa@escosa.sa.gov.au

Attention Dr Patrick Walsh

Dear Dr Walsh

Envestra SA Gas Network 2006 Access Arrangement: Draft Decision

Origin Energy (Origin) welcomes this opportunity to comment on ESCoSA's Draft Decision (March 2006) on Envestra's proposed Access Arrangement for the South Australian gas network.

This submission does not contain confidential information and may be published on the Commission's website.

While Origin is generally supportive of most of the proposed changes to the Access Arrangement, it wishes to express its concern over the Commission's treatment of the transition to payment in arrears.

While Origin supports the move from prepayment to payment in arrears, it is concerned by the lack of certainty in the draft decision around the transition process. Origin is of the firm view that the practicalities of this transition need to be clearly stated by the Commission.

Specifically, Section 9.2.4, part (iv) states that "... *the Commission does not require Envestra to pay back the revenue that it has already collected ...*". It is important that Envestra will not be entitled to retain the pre-payment amounts or over-recover network charges when the transition occurs.

Origin further seeks that any adjustments to invoicing processes must be communicated to Envestra and retailers well in advance in order to minimise errors and maintain transparency.

Origin considers that the transitional arrangements should ensure that while Envestra is not financially advantaged by the change, it should not be disadvantaged either; Envestra's position should be left financially neutral.

Furthermore, Origin is concerned that the Commission has not allowed Envestra recovery of the cost of moving from prepayment to payment in arrears.

Envestra could be allowed to incorporate the additional working capital, attributed to the move to payment in arrears, to its asset base or recover the additional cost of carrying this working capital in Envestra's Non-Capital costs.



Origin Energy would be pleased to expand upon any of the points made in this submission. Please contact David Grove on (02) 8345 5481.

Yours sincerely

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