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Attn: Kate Ryan, Group Manager Development and Capacity
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Dear Ms Ryan,

DEVELOPMENT OF A WHOLESALE GAS MARKET IN WESTERN AUSTRALIA

Woodside, as operator and joint venture participant of the North West Shelf Project has been supplying gas into the Western Australian gas market since 1984. Woodside welcomes the opportunity to respond to the proposals made by the Independent Market Operator (IMO) on the potential development of a wholesale gas market in Western Australia.

Woodside acknowledges the submission made by the Australian Petroleum Production and Exploration Association (APPEA) and supports the submission.

In particular, Woodside considers that the proposals made by the IMO do not meet the current or expected requirements of the Western Australian Gas Market.

The following concerns have been raised by APPEA and underpin why Woodside does not support the IMO proposals.

1. No case has been made that the short-term gas market requires significant change or that the existing, privately operated, gas spot trading mechanisms are inadequate. It is not clear why a government body is considering intervening in this market in competition with the existing mechanisms.
2. The proposed market structure is very complex for a market that is small, not very liquid, and which to date has attracted a relatively few number of participants.
3. The proposed gas trading mechanism would be underwritten by participants through the Gas Information System charging mechanism. There appears to be no method to constrain expenditure.

Woodside does support an industry led review of the short-term gas market in Western Australia, which considers the existing available mechanisms to provide low cost methods for market participants to meet their gas requirements.

Woodside commends the IMO for its work in this area which has resulted in considerable interest and dialogue between market participants on this important topic. Woodside thanks the IMO for the extension of time that was granted to complete its submission.

Yours sincerely,

Michael Glossop
Senior Commercial Adviser