

August 26, 2014

Independent Market Operator
Attn: Group Manager, Development and Capacity
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By email: market.development@imowa.com.au

To whom it may concern

Newmont's response to the IMO request for submissions on the *Development of a Wholesale Gas Market in Western Australia*.

As per the IMO website invitation for Gas Market Participants and other stakeholders regarding the need for, and high level design proposed to develop, a wholesale spot gas market in WA, Newmont Power Pty Ltd (NPPL) provides the following response.

NPPL is of the view that the wholesale gas market in WA is a developing but well-functioning market, with the majority of gas being transacted through bilateral arrangements, supported by two privately developed "spot" mechanisms, one run by Gas Trading Australia based on a manual monthly bidding process which is presented to sellers with excess gas, and the other being Energy Access Services' fully automated web-based Energy Trading Platform (ETP) which is available on a daily basis to both buyers and sellers.

NPPL also notes that the "High Level Design for a Gas Market in Western Australia" published on the IMO website basically ignores the Goldfields Gas Pipeline (where NPPL is a shipper) and the difficulties and costs of transferring gas along the DBP and from the DBP to the GGP. A design such as proposed in this report would be prejudicial to the interests of shippers on the GGP.

The specific questions put to us on how we should respond were as follows:

Are existing Gas Shipper's needs being met by the current WA market?

NPPL, being a Gas Shipper, currently has all its gas needs being met by the current WA gas market as either:

- Firm Contracts;
- Spot Gas Purchases; or
- Bi-lateral agreements with other shippers.

We see no need for any further suppliers offering an alternative service provided via the IMO, especially if the Gas Shippers have to underwrite the service until it is profitable. If there are shippers out there who have an alternative view on supply options we would consider that they have not investigated the market enough or tested the options of the existing "spot" market arrangements.

Do existing Gas Shippers see themselves participating in a new wholesale spot gas market?

NPPL already participates in two "spot" gas markets and does not believe there is a need for a "new wholesale spot gas market". Unless a new spot wholesale gas marketer (being the IMO) can provide a service much cheaper and more transparent than the existing arrangements without a prolonged settling in period, or find Government backing for the underwriting costs until it makes a profit, then I cannot see NPPL participating.

Do existing Gas Shippers support or oppose a new voluntary wholesale gas market?

NPPL does not support a new voluntary wholesale gas market set up and run by the IMO unless the arrangement is provided without prejudice to all and without the requirement of support for the underwriting costs from the Gas Shippers. NPPL is also of the view that this would be unnecessary government intervention where there is already similar services run by private interests.

Would existing Gas Shippers support or oppose that Gas Shippers will, as a last resort, underwrite the cost of the new wholesale spot gas market.

NPPL objects strongly, as a Gas Shipper, that it should contribute to or underwrite any such new government initiated wholesale gas market. Such an action is likely to put a greater squeeze on Gas Shippers such as NPPL as we are not owners or operators of gas fields shipping to multiple customers. We purchase gas and ship it to our own entities to provide power to our own entities. In the last few years Gas Shippers have worn the new imposts of the Gas Bulletin Board and the Petroleum and Geothermal Energy Safety Levies. Such additional imposts are likely to push users away from gas as an option for power, thus squeezing the gas market even more.

Accordingly please accept this letter as NPPL's submission as a Gas Market Participant to the request from the IMO.

Sincerely,



Tim Gordon
Senior Advisor APAC Power and Joint Ventures

CC: Annette McLagan/David Lyne