

16 August 2001

Western Australian Independent Gas Pipelines  
Access Regulator  
Office of Gas Access Regulation (OffGAR)  
PO Box 8469  
PERTH BUSINESS CENTRE WA 6869

Attention: Dr Ken Michael AM

Re: Draft Decision on Dampier to Bunbury Natural Gas Pipeline Access Arrangement

Dear Dr Michael,

ATOFINA (Australia) Pty Ltd. is responsible for the manufacture and supply of natural gas odorants used in the gas supplied to most of the customers connected to the DBNGP. This is an essential product for the safe distribution and use of this natural gas resource. This is an essential service that we provide in support of the overall business that Epic Energy conducts in this state.

Having availed ourselves of the details of the recent draft ruling and discussing this at various levels within our organisation, we believe that we have a duty to bring some of our concerns to the attention of your office. We understand the complexity of the role your office has to play but feel this decision is likely to have a direct impact on the long term commitment of Epic Energy to WA (and Australia). Any uncertainty created by this ruling also has wider ramifications on the community including many companies and suppliers like us.

While we are sure that consumers always welcome reductions in tariffs, they do so with the expectation that the quality of service and the safety of the public will not being compromised. Facing drastically reduced income (via reduced tariffs in this instance) will force any organisation to review the way it does business and reduce it's operating costs – so that shareholder value is maintained. In this scenario it is possible that Epic Energy will be forced to work in an environment where extensive cost reduction (and possibly a reduced workforce) could put safety at risk.

Reduced profitability will almost certainly stifle the ability of Epic Energy to maintain its development and growth in this vital area of infrastructure and all of Western Australia may lose out. The implications for this draft decision also spread to the rest of Australia, as these types of decisions tend to set wider regulatory precedents.



Given that there are other major pipeline projects being considered right around the country there is a major imperative to get this aspect of infrastructure regulation right so that investment can be encouraged and competitive rates of return provided to these investors.

We all appreciate that the size of our country and the fact that the coastal distribution of our comparatively small industry and population makes these types of major infrastructure projects difficult enough already.

Having the ever-present risk of possible dramatic reductions on future incomes from industry regulators makes investment in this environment a very high-risk business indeed and has the possibility of moving the payback periods to unacceptable time frames. The entire pipeline industry really needs encouragement not disincentive and disillusionment at this time.

Atofina supports Epic Energy's stance on this matter and we urge you to reconsider some of the content in this draft decision before making the final decision.

Yours faithfully

Jacqueline Wong-Fat  
National Product Manager - Gas Odorants

Michael Renehan  
Managing Director

CC: Mr Tawake Rakai  
General Manager, Operations  
Epic Energy

