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BY FACSIMILE: 9213 1999

The City of Albany has been in close liaison with Epic Energy regarding the feasibility of extending the Dampier to Bunbury gas pipeline to Albany and to encourage the State Government to help fund some of the initial capital costs to ensure its viability.

The regulator's draft recommendation to cut the present tariff per gigajoule from \$1 to Perth and \$1.08 south of Perth to 75c and 85c respectively will jeopardise the likelihood of the private sector undertaking such an expansion.

A recent study by the Great Southern Development Commission estimated a gas pipeline could bring 1000 jobs to the Great Southern and generate \$2.6 billion in revenue. The City of Albany believes that a gas pipeline will provide cheaper energy to the region, which will attract investment in many new industries including minerals processing, renewable energy projects, dairy processing, value adding to plantation timber and canola processing.

The industrial investment that is stimulated by lower energy prices should allow the State Government to regain any capital subsidies that it may need to provide to make the extension commercially viable.

The recent draft decision taken by the Office of Gas Regulation will likely only benefit those with access to the current infrastructure and does not take into account any future industrial development outside the metropolitan area, including Albany.

I urge you to reconsider the draft decision in light of the adverse impact it will have on attracting private sector investment in the establishment and operation of a gas pipeline to Albany.

Yours sincerely



Alison Goode
Mayor