



OffGAR
23 JAN 2003

Our Ref: E5.4/1 (MB 0503)

Mr Robert Pullella
Office of Gas Access Regulation
PO Box 8469
PERTH BUSINESS CENTRE WA 6849

Dear Mr Pullella

DAMPIER TO BUNBURY NATURAL GAS PIPELINE – PROPOSED ACCESS ARRANGEMENT – COURT DECISION

The Gascoyne Development Commission (GDC) has recently been addressing the issue of input costs to businesses in the Gascoyne and consequent implications for the region's development.

Central to this matter is the issue of power costs.

Circumstances have prevented us from providing comment prior to the cut off date for submissions on the Supreme Court's determination. Nevertheless the GDC considers that the issue is of importance to the Gascoyne, and we offer the following input.

Fuel costs make a substantial contribution to the cost of power generation. The desire to place downwards pressure on fuel costs is reflected in the Electricity Reform Task Force's report, Electricity Reform in Western Australia, 'A Framework for the Future' which recommends the continued promotion, where practicable, of further competition in fuel supply for power generation in the State.

The GDC understands that presently Western Power is the only user who transports gas down the Carnarvon lateral. A high cost of gas transportation down the lateral will be a disincentive for other users to transport gas for alternative power generation proposals or other uses. The GDC perceives that this may undermine the concept of fuel supply competition. It also detracts from initiatives designed to encourage competition and reduce costs in the regional energy sector, inclusive of the ERTF process.

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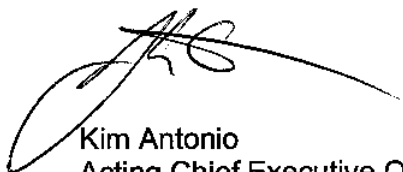
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WORKING FOR THE GASCOYNE

The GDC acknowledges that the Draft Decision will not resolve all issues pertaining to Carnarvon lateral arrangements. However, it is an element of the overall issue which has major implications for the development of Carnarvon and hence the broader Gascoyne.

The GDC presents the above observations for consideration in light of the outcomes of the Draft Decision Supreme Court action.

Yours sincerely



Kim Antonio
Acting Chief Executive Officer

20 January 2002

