

22 August 2001



Mr Robert Pullella
Office of Gas Access Regulation
Level 6, Governor Stirling Tower
197 St Georges Terrace
Perth WA 6000

Dear Sir

EPIC PIPELINE TARIFF DETERMINATION

Leighton Contractors Pty Limited, in its capacity as a builder and/or developer of gas infrastructure projects and industrial projects that use gas, wishes to express its concern at the recent draft decision handed down in respect of gas transport tariffs for Epic Energy's Dampier to Bunbury pipeline.

On face value a reduction in gas transport tariffs would appear to have some merit and is likely to generate popular support. However, on closer examination, the impact of the proposed tariffs is very likely to seriously harm investor confidence in the vital energy infrastructure development sector. Should this occur, in the longer term it will reduce benefits to industry and the community in general

The reduction in the gas transmission tariff of between 20% and 25% proposed in the draft ruling has the potential to:

- discourage investment in capacity upgrades for the Dampier to Bunbury gas pipeline
- create multi level tariffs for old and new gas transport customers
- impact industrial developments that will rely on increases to existing pipeline capacity
- raise serious sovereign risk issues relating to gas infrastructure investments decisions, both within Western Australia and nationally.

This draft ruling by you has the potential, if implemented, to seriously impact upon the development of energy infrastructure assets across Australia.

Additionally, we would refer you to submissions (copies attached) by our industry representative body, the Australian Pipeline Industry Association (APIA), at both a State and Federal level, identifying the very real issues affecting the industry due to heavy-handed and often short-sighted regulation imposed by the various regulatory authorities across the nation.

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Given that two of the key objectives for introducing the national gas access code were to encourage development in the gas pipeline industry and promote competition in downstream and upstream markets, it is incumbent on you to be aware that the draft decision gives rise to consequences that are contrary to these objectives.

We trust therefore that your review of the draft ruling will focus on long-term issues relating to the development of an efficient and expanding energy infrastructure network in Western Australia and also consider the impact your decision will have on infrastructure investment decisions across the country and the likely deterrent to competition in downstream and upstream markets. A decision by you to accept the continuation of the existing tariffs, as proposed by Epic Energy, we are sure will be in the long-term best interest of the people of Western Australia.

Yours faithfully
LEIGHTON CONTRACTORS PTY LIMITED

A handwritten signature in blue ink, appearing to read "LW Voyer".

LW Voyer
Director