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Draft Decision on the Dampier to Bunbury Natural Gas Pipeline Access Arrangement

NEC Australia is a telecommunications equipment and service provider to Epic Energy.

We read with interest the draft decision and the comments that have followed its release, especially comments relating to the potential consequences that the draft decision, if implemented, is likely to have on not just Epic Energy but the wider business, investment and general community, including companies like ours.

The consequences, which have particular concern to us, are as follows:

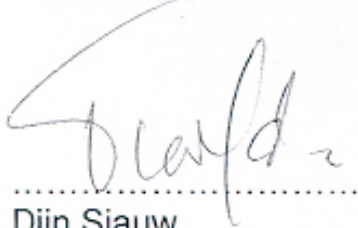
- It is our understanding that the proposed tariffs may create severe financial distress to Epic Energy. We would be extremely concerned if they were to have the effect of reducing Epic Energy's ability to continue its maintenance and capital program. In the next few years we anticipate that our companies overall business with Epic Energy could significantly increase if Epic Energy were to carry out envisaged infrastructure investments. Such a consequence will have a direct impact on potential revenues for our long haul transmission products.
- Epic Energy has stated that it will need to expand the capacity of the pipeline to accommodate any new customers. However, it has also said that it will not carry out that expansion work if all it can charge for the additional capacity are the tariffs proposed in the draft decision. Given that the development of companies like ours and the growth of the markets in which we operate are heavily reliant on the continued growth of the pipeline services market, we would be very concerned at a decision which fosters an environment which prevents this growth from being able to be realised.
- Comments have been made that new pipelines will not be constructed if the proposed rate of return was imposed on a new project which may lead to an erosion of competition between alternative forms of energy. It follows that the greater the choice of energy sources, the greater the competition in the energy market and therefore the lower the prices for users of all forms of energy. This can only enhance the economic wellbeing of the community in general.

NEC

We appreciate that we have a vested interest in making this submission. However, we do not believe that these consequences are unique to our company. We therefore trust that you will be able to appreciate the wider ramifications of this draft decision and take them into account when making your final decision.

A final decision which substantially promotes competition in not only the pipeline industry but also markets which are dependent on transmission pipelines for their viability must be seen to be important objective.

We support Epic Energy's stance on this matter and urge you to reconsider the content of your draft decision when making the final decision.



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Djin Siau
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