

SHIRE OF CHITTERING
Post Office Box 70
Great Northern Highway
BINDOON WA 6502

Keeping the Balance

OUR REF: RPH: HL: 14.4.7

Enquiries to: Ray Hooper, Chief Executive Officer

1 August, 2001

The Executive Officer
Office of Gas Access Regulation
P O Box 8469
PERTH WA 6849

Dear Sir

**DRAFT DECISION - TRANSPORTATION CHARGES
DAMPIER TO BUNBURY NATIONAL GAS PIPELINE**

Further to the review of the transportation charges for the above project and the recommendation arising in relation to the above the following submissions are made: -

a. Long Term Viability:

The charge structure needs to be viable to the operator in both the short and long term to allow for the recoup of investment capital, a reasonable return on funds and to provide for high quality maintenance over the infrastructure life and to cater for future upgrading and replacement costs.

b. Customer Equity:

The charge structure needs to provide security of purchasing for current and future customers without the potential for large-scale fluctuations in product cost.

The structure should provide for continuity, certainty and equity between all customers.

c. Investment Potential:

The charge structure should be balanced to encourage future investment in projects of this scale and to provide a minimisation of risk associated with investment returns.

d. Regional Developments:

The charge structure needs to be an enticement for extension of the project into regional areas through being realistic for the owners and viable for the customers in the long term.

e. Future Demands:

Energy and heating are going to be in high demand in the future and the pricing structure for transportation needs to recognise the value of natural gas as a source and an attraction for investment.

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The draft pricing structure rate does not appear to be commensurate with the investment cost for infrastructure and operations either as a return of investment or as an operating income stream.

This submission is made in the belief that long-term equity and viability is a pre-requisite for resource delivery and customer utilisation for the benefit of regions and the state.

If you require further information please contact the undersigned by email on ray@chittering.wa.gov.au or telephone 08 9576 1044.

Yours faithfully

Ray Hooper
CHIEF EXECUTIVE OFFICER