

# SHIRE OF ROEBOURNE SUBMISSION

TX/2/14  
Mark Jones

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Dr K Michael  
Western Australian Independent Gas Pipelines Access Regulator  
Office of Gas Access regulation  
6<sup>th</sup> Floor  
197 St Georges Terrace  
PERTH WA 6000

**Attn : Robert Pullella**

Dear Robert

## **RESPONSE TO DRAFT DECISION ON ACCESS ARRANGEMENT FOR DBNGP**

It is with concern that the Roebourne Shire reads the draft decision issued by the Western Australian Independent Gas Pipelines Regulator ('Regulator') on the proposed access arrangement for the Dampier to Bunbury natural Gas Pipeline (DBNGP) and in particular the consequences it will likely have on the viability and the future development of regional areas such as the Pilbara region.

The DBNGP is one of the most important pieces of infrastructure in the region. A significant proportion of industry and residents in the shire rely on gas as their prime energy source. In fact, in some instances, gas is currently the only fuel source for the generation of electricity. Any decision which impacts not only on the competitively priced gas for existing and proposed industry, will directly affect the viability and further development of the Shire.

You should be aware that many projects that have been proposed in the Shire are energy intensive. The availability of and the cost of energy are therefore major considerations in determining the viability of a project. Given that these projects can not readily locate to a region where the price of energy would be comparably more competitive price and availability of supply are critical issues as to whether these projects will proceed at all.

So any decision which adversely impacts on the ability for gas to be a competitive energy source, and the viability of such large proposed projects, has a direct impact on the economic wellbeing of the Shire.

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However, it has been said that your draft decision, if implemented, will have such impacts. In submissions to you during the public consultation stage and also since your draft decision, Epic Energy has observed that the draft decision, if implemented, will ;

- mean that further expansion of the capacity of the pipeline will only occur if users are prepared to pay tariffs substantially higher than those proposed under the draft decision; and
- cast a significant shadow over the financial viability of Epic Energy.

For these projects to be realised, additional expansion of the pipeline will be required, given that the DBNGP is currently almost fully utilised. For the proponents of these projects to be forced to pay higher transportation prices for their energy source than the incumbent users of the existing capacity would seem not only unfair (particularly when the expansions would appear to have system wide benefits) but also place them at an immediate disadvantage, particularly when some of the incumbents may be competitors in the downstream markets in which the proposed projects will be operating.

It is critical therefore to the future development of regions such as this one that not only must there be a financially stable and viable pipeline owner and operator, but also that the pipeline owner is afforded an environment which makes it commercially and technically viable to expand the pipeline. We would also hope to see an environment encouraged by regulatory decisions, which fosters competition.

The introduction of competition reform legislation such as the National gas Code was seen as one of the key instruments for contributing to regional and economic development. This draft decision, if implemented, would not achieve this objective.

I urge you to give appropriate weight to this consideration when making your final decision, as the consequences of not doing so will impact on more than just the pipeline owner.

Yours sincerely

Mark Jones  
Acting Chief Executive Officer