

February 29<sup>th</sup> 2000

Mr Robert Pullella  
Office of Gas Access Regulation  
Level 6 Governor Stirling Tower  
197 St George's Terrace  
Perth WA 6000

[Robert\\_Pullella@offgar.wa.gov.au](mailto:Robert_Pullella@offgar.wa.gov.au)

Dear Mr Pullella,

**ACCESS ARRANGEMENTS TO THE DAMPIER TO BUNBURY  
NATURAL GAS PIPELINE**

The Bunbury Chamber of Commerce is writing to express its concerns on a number of issues in relation to the proposed access arrangements. We are doing this on the basis of:

- The public interest as it relates to Bunbury and the South West; and
- The interest of users and prospective users.

We would expect local users to make their own submissions, however we believe that it is prospective users and regional economic development which could suffer most from proposed changes to the tariff arrangements.

The Bunbury Chamber of Commerce has major concerns with the Epic proposal in that the Initial Capital Base (ICB) is proposed to be based on the purchase price. This would only have the effect of transferring the business risk from the purchaser (Epic) to the pipeline user (South West Industries and prospective industries).

Our second major concern is that the benefits of the sale were to be spread across the Dampier to Bunbury Natural Gas Line. The creation of zone 10, specifically the area south of Kwinana is a major disadvantage to the South West region. In our view, this significantly limits the advantage of the sale to those being serviced by the Dampier to Perth line.

In brief the pricing regime being offered to Bunbury and the South West:

1. Is high, relative to the current tariff;
2. Is higher than it need be if the ICB were to be based on any recognised accounting valuation of the pipeline;
3. Is higher than the expectations of business in Bunbury and the Region;
4. The creation of zone 10, and the associated pricing structure, provides a cost disadvantage to the users of 78% of the total gas carried in the pipeline who are located south of Kwinana Junction.
5. Discriminates against Bunbury and South West industrial and domestic users by an artificial price setting for the Perth Metropolitan area.
6. Makes gas less competitive and attractive in Bunbury and the South West.
7. Conflicts with the National Access Code in a number of areas:
  - By imposing a higher tariff in the South West region, the main area of industrialisation and gas use, it does not promote the "Efficient

- use of gas” and adversely impacts on the international competitiveness of energy consuming industries locating there; and
- The proposal tariff is contrary to users’ and prospective users’ “Reasonable expectations” as defined by the Minister for Energy in his second reading speech to the Gas Pipelines Access Bill in which he stated that: “Firm full-haul (Dampier to Bunbury) tariff at 100 per cent load factor will fall from \$1.19 per gigajoule to \$1.00 per gigajoule by the year 2000.”

It is now the year 2000 and the Bunbury Chamber of Commerce is greatly concerned that the full benefits of the privatisation of the Dampier to Bunbury Natural Gas pipeline may only be felt by domestic consumers and a few select industries in Perth. This would be to the disadvantage of Bunbury and the South West region.

Yours sincerely

David Kerr  
President