

September 28, 2001

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

**Re: Public Submission re Dampier to Bunbury Natural Gas Pipeline
(Pipeline License No WA: PL40) Draft Decision**

Dear Sir:

I refer to your Draft Decision issued on June 21, 2001 regarding gas access pricing for the above pipeline. As you are aware, this pipeline was purchased by U.S.-based Epic Energy in 1998 from the Western Australia Government in a competitive bid sale.

Epic Energy argues that, if finalized, the Draft Decision would cause substantial harm to its financial condition. Epic also argues that the draft decision is at variance with assurances it received at the time of purchase of the DBNGP.

We are not in a position to judge the merits of any specific pricing determination. We recognize the independence of the Office of Gas Access Regulation (OFGAR), and the importance of that independence in reducing political risk to prospective investors.

Transparency and predictability are vital components of an internationally competitive investment climate. The regulatory framework in Western Australia as it applies to Epic is quite new, and in its brief history has struggled to produce outcomes that are consistent with expert opinions and the expectations of investors. We would welcome steps by the Western Australia Government to improve the regulatory process's predictability, which would improve the investment climate for all investors, domestic and foreign.

I believe U.S. investors in Western Australia could play a useful role in identifying ways to improve the current regulatory process, and I encourage you to seek their advice.

Sincerely,

J. Thomas Schieffer
Ambassador

