



## OFFICE OF GAS ACCESS REGULATION

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Our Ref: 3020/50/01

# NOTICE

## FINAL APPROVAL OF THE DAMPIER TO BUNBURY NATURAL GAS PIPELINE ACCESS ARRANGEMENT

This is to advise that I have today issued my further final decision on the Access Arrangement proposed by Epic Energy (WA) Transmission Pty Ltd (Epic Energy) for the Dampier to Bunbury Natural Gas Pipeline (DBNGP).

An Access Arrangement describes the terms, conditions and tariffs that apply to regulated haulage services offered by a gas pipeline service provider.

I have issued this further final decision after assessing the revised Access Arrangement submitted to me by Epic Energy to determine whether it incorporates, substantially incorporates or otherwise addresses the reasons for the amendments required in the Final Decision that I issued on 23 May 2003.

The revised Access Arrangement submitted by Epic Energy was substantially different to that originally submitted extending the time of its application by 5 years to 31 December 2009 and including new capital and operating expenditure programs.

There may be merit in extending the Access Arrangement period as proposed by Epic Energy for reasons of avoiding an almost immediate review of the Access Arrangement after approval. However, the newly proposed term of the Access Arrangement does not address a required amendment of the Final Decision.

Further, I do not consider such a substantial revision to the proposed Access Arrangement is appropriate at this late stage in the process of assessment of the Access Arrangement. Any extension of the Access Arrangement period would require further consideration of significant matters such as forecasts and allocation of costs. The principles of procedural fairness require that interested parties have an opportunity to comment upon new material that might adversely affect their interests. They have not had such an opportunity with respect to this proposed revision. It is open to Epic Energy to apply to have the Access Arrangement period extended during the Access Arrangement period itself. Section 7.19 of the Code gives me the discretion to consider such an application provided it is received before the expiration of the Access Arrangement period.

Although I cannot accept the extension of the Access Arrangement period, the capital expenditure forecast by Epic Energy for the extended period may be a relevant consideration for the Access Arrangement period commencing in 2005.



In making my further final decision I am required only to satisfy myself that the revised proposed Access Arrangement incorporates, substantially incorporates or otherwise addresses the reasons for the amendments that I required. As such, I have not considered new matters raised by Epic Energy following my Final Decision which deal with matters beyond these concerns.

After assessing the revised Access Arrangement and other material submitted by Epic Energy, I have formed the view that the revised Access Arrangement does not incorporate, substantially incorporate or otherwise address the reasons for the amendments that I required in my Final Decision. I have therefore drafted and approved my own Access Arrangement as is required by the *National Third Party Access Code for Natural Gas Pipeline Systems*. The period of my approved Access Arrangement is the same as that originally proposed by Epic Energy ending on 31 December 2004.

In drafting my own Access Arrangement, which will apply until the end of next year, I have modified that originally submitted to me by Epic Energy, but only to the extent necessary for it to comply with my Final Decision. Some of the required amendments of the Final Decision that are reflected in the Access Arrangement approved by me today are summarised for information as follows:

Initial Capital Base:	\$1,550 million
Return on Equity:	12.5% Nominal Post-Tax
Weighted Average Cost of Capital:	7.4% Real Pre-Tax

Tariffs from Dampier to delivery points located in:

	<u>Exclusive of GST</u>	<u>Including GST</u>
Zone 9, (Perth)	\$0.91/GJ	\$1.00/GJ
Zone 10, (Kwinana and Rockingham laterals)	\$0.97/GJ	\$1.06/GJ
Zone 10, (Downstream of Compressor Station 10)	\$0.98GJ	\$1.08/GJ

Note that these tariffs are applicable from 1 January 2000 and are subject to annual escalation at a rate of 67% of the rate of inflation. The tariffs are also for 100% load factor and exclude delivery point charges.

A copy of the approved Access Arrangement is available from the OffGAR website ([www.offgar.wa.gov.au](http://www.offgar.wa.gov.au)).

For further information, please contact Mr Peter Kolf on telephone number +61 8 9213 1900.

**KEN MICHAEL**  
**GAS ACCESS REGULATOR**  
 30 December 2003