

10 August 2001

Office of Gas Access Regulation
PO Box 8469
PERTH BUSINESS CENTRE WA 6849

Attention: Dr K Michael AM
Western Australian Independent Gas Pipeline Access Regulator

Proposed Tariffs for Dampier to Bunbury Natural Gas Pipeline

The HVAC/hps Group employs 135 people in Western Australia. If adjustments to the tariffs for the Dampier to Bunbury natural gas pipeline, as proposed by the Western Australian Independent Gas Pipelines Access Regulator are implemented, more than 42 of these people would be directly affected.

Contracts with Epic Energy for maintenance and construction work on the pipeline were to generate in the vicinity of \$15 million in revenue for HVAC/hps. This, in turn, would support the employment of 40 plus tradesmen and apprentices across Western Australia.

In setting the tariffs at 75 cents per gigajoule to Perth and 85 cents per gigajoule to areas south of Perth, instead of the \$1 and \$1.08 respectively as proposed by Epic Energy, Epic Energy has stated that it will threaten the financial viability of the company. As a direct result, the employment of these and many hundreds of people employed by businesses providing services to Epic Energy would be threatened.

Furthermore, at the rates proposed by your office, it is highly unlikely that the expansion of the capacity of the pipeline will be economically viable. Certainly, it would be very unlikely that Epic Energy would invest the proposed \$870 million over the next 10 years as we understand was proposed in the access arrangement submitted by Epic Energy.

The pipeline would therefore not be extended to Albany and Esperance and this in turn would have a significant impact on economic activity and employment, both in the metropolitan area and regional Western Australia.

This impact would be exacerbated by new customers paying more for the use of incremental capacity. They would pay more than existing customers, creating an inequitable commercial environment.

If the proposed low tariffs are introduced the only beneficiaries will be current gas users, such as Western Power - a Government agency that would realise transportation savings of more than 20 per cent.

The losers would be new customers, the raft of organisations working alongside Epic Energy and their employees, and the people of regional Western Australia.

We therefore urge you to consider further the issue of tariffs with due attention being given to the likely impact on economic activity and employment, both in the metropolitan area and in regional Western Australia.

Whilst HVAC/hps clearly has a vested interest in making this submission, the impact of the proposed tariffs on economic activity and employment is undeniable and must be fully accounted for when the tariffs are finally set.

Yours faithfully
HVAC CONSTRUCTION LTD



GLENN TUCKER
Managing Director

CC: Sue Ortenstone, Epic

HVAC LIMITED

CORPORATE

17 Ballantyne Road, Kewdale
Western Australia, 6105
Telephone: (61-8) 9352 5555
Facsimile: (61-8) 9352 5566
Email: info@hvac.com.au

MANUFACTURING

14 Ballantyne Road, Kewdale
Western Australia, 6105
Telephone: (61-8) 9352 5555
Facsimile: (61-8) 9352 5566

QUEENSLAND

12 & 3 Antimony Street, Carole Pk
Queensland, 4300
Telephone: (61-7) 3271 2955
Facsimile: (61-7) 3271 2957

NORTHERN TERRITORY

47 Marjorie Street, Berrimah
Northern Territory, 0828
Telephone: (61-8) 8932 8499
Facsimile: (61-8) 8932 8599

SOUTH AUSTRALIA

26 High Street, Dry Creek
South Australia, 5094
Telephone: (61-8) 8359 5366
Facsimile: (61-8) 8359 5388

Web site: www.hvac.com.au



