



Western Australia

Economic Regulation Authority

NOTICE

OF CORRIGENDA FOR FURTHER FINAL DECISION & ACCESS ARRANGEMENT DAMPIER TO BUNBURY NATURAL GAS PIPELINE

On 30 December 2003, the Western Australian Independent Gas Pipelines Access Regulator, Dr Ken Michael, issued his further final decision on the proposed Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline (“**DBNGP**”).

In making the further final decision, the Regulator was required to consider, pursuant to section 2.19 of the Code, each of the revisions made by Epic Energy to its proposed Access Arrangement in response to the Regulator’s Final Decision. In doing so, the Regulator considered Epic Energy’s revised clauses 12 and 7.21 of its revised proposed Access Arrangement relating to the Extensions/Expansions Policy on the understanding that the amendments had been made in response to amendments 42, 43 and 44 of the Final Decision so as to set out the circumstances in which Surcharges or Capital Contributions may be sought in relation to extensions or expansions of the pipeline.

Clause 12.1 of Epic Energy’s revised proposed Access Arrangement provided that, subject to certain conditions being satisfied, Epic Energy would expand the DBNGP and Users of Incremental Capacity would pay only the Reference Tariff. Whilst Epic Energy, in its revised proposed Access Arrangement maintained a Reference Tariff at the level it claims was specified in Schedule 39 of the Asset Sale Agreement under which Epic Energy purchased the DBNGP in 1998, it was not an express condition of the revised clause 12.1 that the Service Provider would only fund an expansion of the pipeline if the tariffs specified in Schedule 39 of the Asset Sale Agreement applied. The tariff levels specified in Epic Energy’s revised proposed Access Arrangement were higher than those that would apply under the Final Decision.

Epic Energy has now made it clear to the Economic Regulation Authority (“**ERA**”) that Epic Energy did not intend, by its revisions, to provide that it would agree to fund part or all of an expansion or extension to the pipeline in circumstances where the tariffs specified in Schedule 39 of the Asset Sale Agreement did not apply. Epic Energy has provided further, suggested revisions to clause 12 of its revised proposed Access Arrangement.

Epic Energy has also confirmed that there are no circumstances of which it is now aware where Epic Energy will fund any expansion of the capacity of, or an extension to, the DBNGP without requiring a Surcharge or Capital Contribution to be paid by a User requiring the Reference Service. In these circumstances, clauses 12.1 and 7.18 of the Access Arrangement drafted and approved by the Regulator are inappropriate as the Regulator is only empowered to require Epic Energy to fund the extension or expansion of the DBNGP in circumstances where Epic Energy has agreed to do so.

Accordingly, the further final decision and Access Arrangement are hereby corrected in terms of the attached Corrigenda which also incorporates a number of typographical and printing revisions.

The revisions apply as at 12 January 2004 and all copies of the further final decision and the Regulator's Access Arrangement and Access Arrangement Information issued or downloaded from the ERA web site prior to 12 January 2004 should be corrected accordingly.

Copies of the corrected further final decision, Access Arrangement and supporting documents can be obtained from the ERA and are also available from the web site at <http://www.era.wa.gov.au>.

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

KEN MICHAEL
ALTERNATE CHAIRMAN

12 January 2004

**CORRIGENDA FOR FURTHER FINAL DECISION
& ACCESS ARRANGEMENT
DAMPIER TO BUNBURY NATURAL GAS PIPELINE**

1. Further final decision, paragraph 292, delete the last three sentences commencing “I understand these clauses to collectively mean...” and concluding “...clause 12.1 are satisfied.” and replace with the following:

“Amendments 42 and 43 require an express statement in the Access Arrangement of the circumstances in which Surcharges and Capital Contributions will be sought. Epic Energy does not intend, by its revisions, to agree to fund part or all of an expansion or extension to the Pipeline in circumstances where the tariffs specified in Schedule 39 of the Asset Sale Agreement do not apply. To the contrary, Epic Energy has confirmed that in fact there are currently no circumstances of which it is aware where Epic Energy will fund any expansion of the capacity of, or an extension to, the DBNGP without requiring a Surcharge or Capital Contribution to be paid by a Shipper requiring a Reference Service. In effect, this means that Surcharges and Capital Contributions are likely to be sought in all cases. However, Epic Energy has indicated that it wishes to “preserve its options” in relation to an expansion that is not consistent with its expansion commitment from the DBNGP sale. In the circumstances, the proposed revisions are not properly responsive to the Final Decision and the proposed revisions do not incorporate or substantially incorporate, or otherwise address the reasons for, Amendments 42 and 43.”
2. Further final decision, delete paragraph 300.
3. Further final decision, paragraph 301, delete the third and fourth sentences commencing “However, I consider...those amendments.”, in the last sentence insert the word “not” between “am” and “satisfied” and re-number paragraph 301 as 300 with consequential re-numbering of paragraphs 302 - 320 (inclusive) to 301 – 319 (inclusive).
4. Access Arrangement page 15, clause 7.18 is deleted with the consequential amendment that clause 7.19 is re-numbered as 7.18.
5. Access Arrangement page 24, clause 12.1 is deleted with the consequential amendment that clause 12.2 is re-numbered as 12.1 and all other sub-paragraphs in clause 12 are sequentially re-numbered.
6. Access Arrangement page 24, in clause 12.2 the words “If the conditions in clause 12.1 are not satisfied” are deleted and the word “capacity” is replaced with “Capacity” each time it appears.
7. Access Arrangement page 24, in clause 12.6 the words “If the conditions in clause 12.1 are not satisfied” are deleted and replaced with the words “Where it is not

technically or economically feasible for Epic Energy (as determined by Epic Energy in its sole discretion) to expand or extend the Pipeline”.

8. Access Arrangement page 24, in clause 12.6 the words “surcharges or capital contributions” are replaced with “Surcharges or Capital Contributions”, the words “new facilities investment” are replaced with the words “New Facilities Investment”.
9. Access Arrangement page 24, in clause 12.7 the words “surcharge” and “capital contribution” are replaced with “Surcharge” and “Capital Contribution” respectively and the words “incremental capacity” are replaced with “Incremental Capacity”.
10. Access Arrangement page 24, in clause 12.8 and 12.9 the word “capacity” is replaced with “Capacity”.

A number of typographical and printing errors have also been identified in the Access Arrangement and supporting documents and are corrected as follows.

1. Access Arrangement page 8, in clause 5.3(f)(iv) replace “commencement date” with “Commencement Date”.
2. Access Arrangement page 8, in clause 5.3(j) replace “queuing policy” with “Queuing Policy”.
3. Access Arrangement page 12, in clause 7.3 replace “new facilities investment” with “New Facilities Investment”.
4. Access Arrangement page 12, in clauses 7.4 replace “capital base” with “Capital Base” and in clause 7.4 and 7.5(a) replace “rate of return” with “Rate of Return”.
5. Access Arrangement page 13 in clause 7.8(a) and (b) and at page 15 in clause 7.14 replace “new facilities investment” each time it appears with “New Facilities Investment”.
6. Access Arrangement page 13 in clause 7.8(b) replace “capital base” with “Capital Base”.
7. Access Arrangement page 13 in clause 7.10(a), at page 13 & 14 in clauses 7.11(a), (g) and (h) and at page 17 in clause 8.3(d) replace “shippers” each time it appears with “Shippers”.
8. Access Arrangement page 13 in clause 7.11(e) and at page 17 in clause 8.3(d) replace “shipper” with “Shipper”.
9. Access Arrangement page 14, in clause 7.12 delete the second sentence and replace with “The value of each of the Reference Tariff components listed in sub-clause 7.11(d) in each of the years 2001, 2002, 2003 and 2004 is calculated in accordance with the following formula.”
10. Access Arrangement page 15 in clause 7.13(b) replace “capacity” with “Capacity”.

11. Access Arrangement page 17 in clause 8.3(d) and at page 23 in clause 11.5(e) replace “delivery point” each time it appears with “Delivery Point”.
12. Access Arrangement page 18 in clause 9.2(a) in the definition of “Rebatable Revenue” replace “rebatable services” with “Rebatable Services”, in the definition of “Prior Contracts” replace “T3 capacity” with “T3 Capacity”, in the definition of “Forecast Prior Revenue” replace “shippers” with “Shippers”, on page 19, in the definition of “C₁” replace “compression capacity charge” with “Compression Capacity Charge” and in the definition of “C₂” replace “compressor fuel charge” with “Compressor Fuel Charge”.
13. Access Arrangement page 18 in clause 9.2(a) in the definition of “Forecast Prior Revenue” replace “contracted capacity” with “Contracted Capacity”.
14. Access Arrangement page 20 in clause 9.5(e) and at page 22 in clauses 11.3(f) and (g) replace “capacity” and “contracted capacity” with “Capacity” and “Contracted Capacity” respectively.
15. Access Arrangement page 22 in clause 11.3(b) replace “spare capacity” with “Spare Capacity” and replace “capacity” each time it appears with “Capacity”.
16. Access Arrangement page 22 in clause 11.3(d) replace “capacity” each time it appears with “Capacity”.
17. Access Arrangement page 22 in clause 11.3(f) replace “overrun service” with “Overrun Service”.
18. Access Arrangement page 22 in clause 11.4 replace “shipper” with “Shipper”.
19. Access Arrangement at page 23 in clause 11.5(e) second line replace “Shipper’s contracted Delivery” with “Shipper’s contracted Delivery Point”.
20. Access Arrangement, Annexure B, Access Contract Terms and Conditions page 4, in clause 1.1 in the definition of “CPI”, the word “Perth” is deleted and replaced with “, Eight Capital City”
21. Access Arrangement, Annexure B, Access Contract Terms and Conditions page 11, in clause 3.6(b)(ii) the words “the Shipper” in the first line is replaced with “Epic Energy”.
22. Access Arrangement, Annexure B, Access Contract Terms and Conditions page 30, delete the words in clause 16.2 and replace with the words “All of the Charges will be adjusted in accordance with clause 7.12 of the Access Arrangement.”
23. Access Arrangement Information page 18, Table 9, amend the asset life of pipeline assets from 30 years to 70 years.

12 January 2004