

OFFICE OF GAS ACCESS REGULATION

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Our Ref: 1117/99

NOTICE

ACCESS ARRANGEMENT: DAMPIER TO BUNBURY NATURAL GAS PIPELINE

As discussed in my notice of 17 March 2000, Epic Energy (WA) Transmission Pty Ltd (Epic Energy) has resubmitted its Access Arrangement Information to include Depreciated Actual Cost (DAC) and Depreciated Optimised Replacement Cost (DORC) estimates as defined by section 8.10(a) and 8.10(b) of the *National Gas Pipelines Access Code for Natural Gas Pipeline Systems* (the Code).

This information was not included in the original Access Arrangement Information. Following requests under section 2.9 of the Code, Epic Energy was requested to revise its Access Arrangement Information for the Dampier to Bunbury Natural Gas Pipeline Licence WA: PL 40 (DBNGP) to meet the requirements of sections 2.6 and 2.7 of the Code.

Revised Access Arrangement Information

While the revised Access Arrangement Information provides the additional information, Epic Energy provided two values for the actual cost valuation of the pipeline as defined by section 8.10(a). The first of these values interprets section 8.10(a) to mean the depreciated acquisition cost of the pipeline incurred by the current Service Provider. This value is estimated by Epic Energy at \$2.466 billion.

The second value is the depreciated actual capital cost of the original assets including subsequent enhancements/expansions and is estimated by Epic Energy to be \$1.331 billion.

The Depreciated Optimised Replacement Cost value as defined by section 8.10(b) is estimated by Epic Energy to be \$1.368 billion.

These asset values will be considered in the process of my preparing the Draft Decision for the DBNGP proposed Access Arrangement currently being assessed.

Other Amendments to the Access Arrangement Information

Epic Energy has taken this opportunity to include the following additional material directly relevant to establishing the initial Capital Base:

- information included in earlier submissions from Epic Energy including the Brattle Group Report on the *Proposed Regulatory Model for the Dampier to Bunbury Natural Gas Pipeline* (currently on the OffGAR web site); and



- statements made by the Minister for Energy.

It has also amended the Access Arrangement Information in respect of the weighted average cost of capital in section 3.8 of the document as previously advised in Epic Energy's submission of 16 February 2000 (located on the OffGAR web site).

Available Documentation

The revised Access Arrangement Information may be downloaded from the OffGAR web site (www.offgar.wa.gov.au) free of charge. Printed copies of the document are available directly from OffGAR for \$25.00 per copy. Requests for the document can be made to:

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Public Submissions

It is proposed that public submissions on the revised Access Arrangement Information will be called following the release of the Draft Decision.

Confidentiality

In submitting a revised Access Arrangement Information, Epic has warranted to the Regulator that its revised Access Arrangement Information does not contain information, which it is under an obligation of confidentiality to any person not to disclose.

KEN MICHAEL
GAS ACCESS REGULATOR

17 August 2000