

23 August, 2001

Dr K Michael AM
Western Australian Independent Gas Pipelines
Access Regulator
Office of Gas Access Regulation
PO Box 8469
PERTH BUSINESS CENTRE WA 6869

Attention: Mr R Pullella

Draft Decision on Dampier to Bunbury Natural Gas Pipeline Access Arrangement

The Safety and Risk Practice is a small business (less than 10 staff) that provides safety and risk management services to the hydrocarbon and pipeline industries in Western Australia. We have provided risk management support to Epic for over five years assisting them in the development of their DBNGP Pipeline Safety Case, Emergency Response and field exercises and Risk Assessment work.

We are concerned about the potential consequences that the draft decision, if implemented, is likely to have on not just Epic Energy but the wider business and local communities.

The consumers of this State have already benefited from the sale of the DBNGP with the proceeds helping the State in the reduction of debt and the development of infrastructure and facilities including road improvements, underground power and upgraded sewerage systems. Three of our consultants have first hand exposure to these improvements living in Floreat, Doubleview and Karrinyup where government funds have improved our areas.

The attempt by your office to further extract additional value after sale for the benefit of the consumer may have the impact of compromising the quality of services that these organisations are set up to provide – one of the values that your office was set up to protect.

As is seen in other countries, commercial regulation conducted by government departments has the real risk of pushing companies to operate in a manner that is inconsistent with good industry standards and practices. One example of this is California where the protection of the public interest through the deregulation of electrical power generation with price ceilings has created a power crisis which has rippled across North America.

The community has a right to fair treatment. While it has reaped the benefits from the sale (generating in excess of \$2.0 billion) there is still an expectation of a high level of service. The application of the low tariffs that the Office has drafted has a high potential to lead to a deterioration of services with a lower level of safety. As community stakeholders we believe that the delivery of natural gas in a dependable

and safe manner should be the overriding criteria rather than price. There are alternate types of energy that consumers can choose from should price be an influencing factor.

The government at the time of the pipeline sale served the community's interests by getting the best possible price. Let the open market decide if the tariff level is acceptable.

Companies like Epic operate on a worldwide basis. If a reasonable return is not available they have several options to choose from including reducing costs in maintenance and support areas. It is my understanding that Epic Energy has stated in many of its submissions and papers that the draft decision, if implemented, would place the company in financial hardship.

Our company assists Epic Energy in the implementation of its Safety Program and it concerns us that any initiative that is not market driven and which artificially reduces revenue will place an immediate strain on the organisation in their ability to meet their safety obligations. Past experience indicates that this is a likely consequence when budgets are reduced and critical decisions on financial expenditure must be made.

We appreciate that we have a vested interest in making this submission as a service provider to Epic's operations as well as members of the local community. However, we believe that possible outcomes discussed above should have the highest consideration when the Office is determining the allowable tariffs.

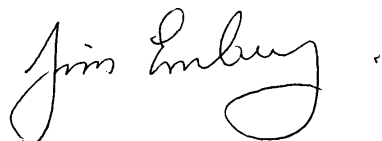
The decision, when made, should not put an operator in a position that compromises its ability to safely operate and maintain a pipeline.

We trust that you will appreciate the wider ramifications of this draft decision and take them into account when making your final decision.

We support Epic Energy program to operate and expand the DBNGP and urge you to reconsider the content of your draft decision when making the final decision.

If you wish to contact us on our submission we would be pleased to hear from you.

Yours truly,

A handwritten signature in black ink that reads "Jim Embury". The signature is written in a cursive style with a large, looped initial "J".

Jim Embury
Safety Project Manager