

Our Ref:  
Contact Officer: John Bastick  
Contact Phone: (02) 6243 1364

20 June 2002

«Title» «First» «Last»  
«Position»  
«Organisation»  
«Address1»

Dear «Salutation»

### **Moomba to Sydney Pipeline – Revised Access Arrangement**

The purpose of this letter is to seek submissions from interested parties with respect to a revised access arrangement lodged by East Australian Pipeline Ltd (EAPL) for the Moomba to Sydney Pipeline (MSP).

On 19 December 2000, the Australian Competition and Consumer Commission (the Commission) released a *Draft Decision* in relation to the proposed access arrangement submitted by EAPL in May 1999.

In June 2001, EAPL approached the Commission requesting a postponement of its *Final Decision* pending the outcome of the company's application to the National Competition Council (NCC) for the revocation of coverage of part of the MSP. The Commission agreed to EAPL's request and advised EAPL at that time that it would review the arrangement in six months. Following the release of the NCC's *Draft Recommendation* in December 2001 that coverage of the MSP not be revoked the Commission advised EAPL that it would now proceed with its *Final Decision*.

EAPL submitted a revised access arrangement on 30 April 2002 and supporting access arrangement information on 20 June 2002. This additional information outlines some of the changes to the tariff-related elements of the revised access arrangement. The Commission is now seeking submissions from interested parties on these documents. Although submissions received prior to the postponement of the *Final Decision* will be considered, interested parties are now provided an opportunity to comment on the revised access arrangement. Those parties that wish to be informed of new developments in relation to this matter should complete the attached *Interested Parties* form. It is anticipated that the *Final Decision* will be released later this year.

A copy of the revised access arrangement, dated 30 April 2002, the additional information from EAPL and the Commission's *Draft Decision* can be downloaded from the Commission's website (<http://www.accc.gov.au/gas/fs-gas.htm>).

### **Key issues**

EAPL has identified the key changes in relation to the non-tariff provisions of its revised access arrangement as follows:

- the terms and conditions have been amended to reflect Australian Pipeline Trust's (APT) commercial and operating practices. In particular, the process for requesting access, the queuing policy and the balancing and nomination requirements have been amended and are substantially the same as those in the access arrangement for the Central West Pipeline;
- the access arrangement proposes a term from 1 September 2002 to 30 June 2008;
- only a firm reference service has been proposed (reflecting the significant spare capacity on the MSP);
- the access arrangement contains clearer incentives for efficient use of the pipeline through a stronger focus on the reservation by users of an appropriate MDQ;
- a provision has been included to address the possible impact of full retail contestability on EAPL; and
- a mechanism has been included to allow roll-in of regional pipelines, in order to improve the opportunities for development of regional pipelines.

The Commission considers that the main tariff-related issues, for which EAPL has provided some comments in the additional access arrangement information, are:

- the value for the initial capital base of \$740 million and depreciated optimised replacement cost (DORC) of \$972.7 million;
- the pre-tax real weighted average cost of capital (WACC) of 7.9 per cent;
- the operating costs for each year of the access arrangement period;
- forecast capital expenditure;
- the depreciation schedules; and
- forecast throughput.

The issues identified in this letter are not meant to be exhaustive. Interested parties are encouraged to identify other relevant issues for consideration by the Commission. In forming their submissions interested parties should have regard to whether the provisions of the revised access arrangement comply with the *National Third Party Access Code for Natural Gas Pipeline System* (the Code).

### **Lodging a submission**

Submissions should be lodged with the Commission by **12 July 2002**. They should be in writing and, where possible, be supplied in electronic format compatible with Microsoft Word 97 for Windows. Electronic copies of submissions can be emailed to [john.bastick@acc.gov.au](mailto:john.bastick@acc.gov.au). They will be made available and placed on public registers held by the Commission and the Code Registrar. Any information considered to be of a confidential nature should be clearly marked as such, and the reasons for seeking confidentiality should be provided. Under the terms of the Code, the Commission must not disclose such information unless it is of the opinion that disclosure would not be unduly

harmful to the legitimate business interests of the service provider, a user or a prospective user. Submissions should be addressed to:

Ms Kanwaljit Kaur  
General Manager  
Regulatory Affairs - Gas  
Australian Competition and Consumer Commission  
PO Box 1199  
Dickson ACT 2602

### **Requests for copies of submissions**

The Commission will endeavour to place all submissions received on its website ([www.accc.gov.au](http://www.accc.gov.au)) as soon as possible. Requests for hard copies of submissions lodged by interested parties should be directed to Rebecca Khair at the Commission (phone 02 6243 1233, fax 02 6243 1199, e-mail [rebecca.khair@acc.gov.au](mailto:rebecca.khair@acc.gov.au)) or to the Code Registrar (phone 08 8226 5786, fax 08 8226 5866). While submissions may be inspected free of charge, a fee may be payable for hard copies.

### **Inquiries**

Any inquiries on this matter should be directed to John Bastick (phone 02 6243 1364) or Kerstin Wijeyewardene (phone 02 6243 1240).

Yours sincerely

Kanwaljit Kaur  
General Manager  
Regulatory Affairs – Gas

## **ACCC mailing list – Revised Access Arrangement Moomba to Sydney Pipeline**

The ACCC will consider submissions received from interested parties regarding the revised access arrangement submitted by EAPL for the Moomba to Sydney Pipeline, before issuing a *Final Decision* on the matter.

Parties not wishing to make a submission on the revised access arrangement that would like to be included on the ACCC's mailing list for future information and copies of decision documents regarding this matter are requested to forward the following details to the ACCC:

Name: .....

Title: .....

Organisation: .....

Address: .....

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Phone: .....

Fax: .....

E-mail: .....

Please return the above information to:

Mr John Bastick  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2606

Fax: 02 6243 1205

E-mail: [john.bastick@acc.gov.au](mailto:john.bastick@acc.gov.au)