

**Access Arrangement proposed by  
Epic Energy South Australia Pty Ltd  
for the Moomba to Adelaide Pipeline  
System**

**Response to Draft Decision  
by  
Australian Competition & Consumer  
Commission**

**Dated 16 August 2000**

**PART B**

**REQUEST FOR ADDITIONAL  
SUBMISSIONS**

**Epic Energy South Australia Pty Limited  
ABN 54 068 599 815**

Date: 10 October 2000

# **Response to Draft Decision by Australian Competition & Consumer Commission**

## **Part B Response to Request for Additional Submissions**

### **Introduction**

At various locations through its Draft Decision, the Commission sought additional submissions from interested parties.

The following table summarises Epic's comments on a number of the matters raised.

In some instances, further comment is provided in Part A.

**Epic Energy – MAP Access Arrangement Draft Decision  
Items for Additional Submissions**

<b>Matter</b>	<b>Reference (page)</b>	<b>Description</b>	<b>Epic Comment</b>
Escalator	93	Level of escalation for IT tariff, other charges & the reference service tariff	All tariffs should escalate at 95% of CPI, in accordance with existing contracts during the initial term of the access arrangement. While this may mean a lowering of the base upon which the escalator is to operate, Epic is concerned that to do otherwise could lead to an increasing diversion between existing and access arrangement tariffs. Epic will discuss with the ACCC how to do this.
Incentive mechanism	94	Any refinements to the mechanism	The mechanism has been designed to incent existing users to relinquish unutilised capacity in order to maximise the opportunity for third party access. It has not been designed to provide an existing user with access to its own capacity, as one user has proposed – this would clearly be illogical and against the intent of the incentive mechanism.
Allocation procedures	123 & 155	How to best put into place an allocation procedure where there is not one defined by the downstream provider or agreed by the parties	An allocation procedure during the initial access arrangement period is a practical impossibility at existing points. It is Epic's preference to be advised by the downstream network service provider or otherwise by agreement between all users at a point of the allocation procedure at that point. In subsequent access arrangement periods and failing the above sought agreement, Epic would allocate deliveries on the basis of quantities scheduled on a day.

Nominations	153	The revised nomination procedure to take into account the Existing Contracts	Epic has proposed a nomination procedure which it believes provides for the requirements of existing users and prospective users. In order to maximise the opportunity for third party access, procedures must contain tight timeframe disciplines.
Curtailment & OFO	156	The effect of the 2 clauses	The service provider must have access to significant controls if the integrity of the pipeline system is to be maintained. The controls (Curtailment and OFO) would only be applied in most extreme situations. It is a nonsense, as one respondent has suggested, for these controls to be considered anything other than ultimate disciplines on behaviour.
Limitation of liability	160	The balance of interests to be struck in the indemnity provisions	Epic has proposed a new liability provision. Refer Part A, Response to Amendment Proposals A 3.25.
Confidentiality & release (trading) of capacity	162	The proposed revisions to clause 39.1(d)(vi)	This is a standard type clause, however, in relation to the particular sub-clause, Epic will ensure the words are not incorporated in the access arrangement
Queuing policy	173	The ability to extend FT and existing contracts and the approach suggested by the ACCC	Epic proposes major changes to queuing policy which will incorporate the requirement for FT Service extensions to also enter the queue.
Limit on Epic's equity contribution for expansions	179	Is a limit appropriate and if so, the amount?	Epic proposes major changes to this area and will review enhancement requests on a case by case basis.

Frequency of queue clearance where capital is required	180	Consider the Commission's idea of a threshold level that quarterly clearance applies to, and a possible 6 monthly clearance.	See above comment on changes to queuing policy. With the changes proposed by the Commission, the frequency of clearance has no work to do.
Significant event review	185	Is this appropriate and if so, what should it be?	Epic considers that the imposition of any trigger event adds considerable uncertainty and risk. We note that the SA Government supports the view that such a device would impose an unnecessary risk and harm investor confidence. See also Part A, Response to Amendment Proposals, A3.36.
Financial indicators	195	Should the Commission analyse, before the final decision, the likely impact of this decision on Epic's financial indicators?	Epic notes that no submission from the public comments on this area. As contracts are in place for the term of the initial access arrangement period, Epic considers this work is not necessary.