

Epic Energy South Australia Pty Limited
ACN 068 599 815
26 High Street
PO Box 2450 Dry Creek SA 5094
Telephone (08) 8343 8100
Facsimile (08) 8349 6493
Web Site www.epicenergy.com.au

Our Ref: *accs_Draft Decis_respltr.doc*

Your Ref:

10 October 2000

Kanwaljit Kaur
Acting General Manager
Regulatory Affairs – Gas
Australian Competition and Consumer Commission
470 Northbourne Ave
DICKSON ACT 2602

Dear Ms Kaur

Re: Moomba-Adelaide Pipeline System Access Arrangement – Response to ACCC Draft Decision

Herewith attached is Epic Energy's response to the Commission's Draft Decision dated 16 August 2000 on Epic Energy's proposed Access Arrangement for the Moomba to Adelaide Pipeline System.

The response is made up of 3 main parts:

- PART A Response to Amendment Proposals
- PART B Response to Request for Additional Submissions
- PART C Response to Public Comment

Part A includes a number of supporting appendices:

- Appendix I Expert opinions by Venton & Associates Pty Ltd and Worley Limited, supporting Epic's Optimised Replacement Cost valuation
- Appendix II Example demonstrating the sensitivity of the ACCC's Asset Class Depreciation methodology to minor variation in asset life assumptions
- Appendix III Comments on the ACCC's rate of return and value methodologies by Hastings Funds Management Limited
- Appendix IV Comment on the ACCC's application of deferred tax liability to reduce the value of

the Initial Capital Base, including a worked example

In broad summary, the majority of the amendments proposed by the Commission have either been addressed in Epic's Consolidated Pre Draft Decision Access Arrangement (reflecting previous communication with the Commission) or are acceptable in principle to Epic and Epic will amend the Consolidated Access Arrangement to reflect the proposed amendments.

However, certain of the amendments proposed by the Commission are not acceptable to Epic.

These proposed amendments impact on:

- ?? Value and return for the pipeline system (with potentially significantly effect upon Epic's revenue and risk), particularly Initial Capital Base, allowed rate of return and a re-opener mechanism, and/or
- ?? Processes (the practicality of application of which is questionable and/or may create uncertainty and risk to Epic), including capacity transfer from existing users, incentive mechanisms, queuing policy and extension/expansion policy.

We are anxious to meet with officers of the Commission to discuss these matters in detail.

Please contact me at any time for any further information or clarification.

Yours sincerely

Ashley L Kellett
State Sales Manager South Australia