



11 July 2001

Ms Kanwaljit Kaur
General Manager
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Dear Ms Kaur,

The SA gas & Electricity users Group would like to make the following submission to the ACCC in response to the revised Access Arrangement submitted by Epic.

Key Amendments

3.1 Queuing policy and extensions / expansions policy (clause 10)

The SA Gas & Electricity Users Group (SAGEUG) continues to be concerned with a first-come-first-served clearing of the queue as proposed by Epic. South Australia is facing a tight supply/demand balance over the next few summers in electricity generation. Businesses are experiencing large increases in electricity costs and much of this is being blamed on the lack of generation capacity and the market risk during peak periods where both electricity generation and gas supply may be constrained. As it is accepted that most new generation investment will rely on gas as fuel, the group is concerned that desperately needed investment could be delayed by the position that the proponent sits in a queue. The SAGEUG believes that a number of the dual fuel peaking plants currently being proposed, and the electricity market in general, would also benefit by having Firm gas available during peak generation periods and this would currently require augmentation of the pipeline.

3.2 Incentive Mechanism (clause 5.3)

The SAGEUG understands that Epic's revenue is based on FT Services, however, even though the pipeline is fully contracted it is rarely operating at full capacity. The group believes that incentives should be provided and tariffs priced accordingly to make this IT Service attractive to customers and dual fuel projects.

Other Matters

4.1 Roll-in Tariff

The SAGEUG notes that investment into transmission and distribution systems in the Electricity industry is carried out as proposed by the ACCC for the Epic Access Arrangement. An estimate is made of the future capital expenditure over the next five years and then at the end of the period the capital base is adjusted to reflect the actual spending.

4.2 Part haul and back haul service

The SAGEUG believes that part haul and back haul services are essential to the MAP's system. Existing businesses and future investors north of the city and along the existing Epic pipeline would expect that gas from any future competing pipeline from Victoria is available to them by utilising Back Haul Services.

These same businesses would benefit from Part Haul Services that provides an incentive for investment along the pipeline and into regional SA.

The SA Gas & Electricity Users Group welcomes the recent announcements by a number of parties about pipeline investment into SA. The Group encourages the ACCC to finalise the Access Arrangement as soon as possible to remove uncertainty and encourage competition for all users.

Yours sincerely,

Andrew Haines

Chairman

SA Gas & Electricity Users Group