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Ref: RAE:jm

Mr. Mike Buckley,
General Manager,
Regulatory affairs – Gas,
ACCC,
P O Box 1199,
DICKSON ACT. 2600

By Facsimile: 02 6243 1205

Dear Sir,

Ballera to Wallumbilla Natural Gas Pipeline

We appreciate the opportunity to comment upon the revised access arrangement submitted by Epic Energy with regard to the abovementioned pipeline.

Services Policy

It is very concerning that Epic appears to be removing services from the list of reference services at a time when the competitive pressures of the market require more flexibility in response to changing imperatives. There is no apparent reason for this change. As new sources of gas emerge in Queensland and elsewhere there will be new needs developing which cannot be foreseen by Epic and access to transport for that gas without the interference of restrictive provisions in an access arrangement is essential for the protection of gas consumers. There are current needs for other than forward haul services that need to be addressed within an access arrangement. This approach from Epic appears to run counter to existing conditions for no reason. It is counterproductive to competition in the gas market to be required to negotiate a tariff each time that other than forward haul services are needed.

Extension and Expansions Policy

There appears to be no valid reason for the proposed change to extensions and expansions not being part of the covered pipeline. At a time that the complexities of competition in the market place are increasing it is counterproductive to change access arrangements such that the time of response from a service provider is increased and the response is made more cumbersome. Appeals to the ACCC after an unfavorable response are an inefficient way of having decisions reviewed and fail to respond to competitive pressures in reasonable timeframes.

Fundamentally, inefficient extensions and expansions policies can be used to frustrate the objectives of the Code and should be avoided. Santos believes that these matters should be covered by the access arrangement, particularly as this pipeline is situated in an area of great opportunity and expansion in sources of supply. The reach of these sources of supply

to new markets is also increasing as the pipeline network and trading mechanisms become more efficient and mature.

Term and Review of Access Arrangement

Santos is opposed to the removal of the major events trigger in view of the volatility of the gas transmission requirements referred to above. Epic, in the face of a changing and more flexible future in gas transmission, particularly in the area that could be influenced by gas coming into Australia from the north, seems to be trying to provide a less flexible and responsive service.

Please contact the writer if you require any further explanation of the Santos position.

Yours faithfully

Robin English
Senior Joint Venture Adviser