

Your Ref: c2000/269

25<sup>th</sup> August 2000

Ms Kanwaljit Kaur  
Acting General Manager  
Regulatory Affairs - Gas  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2062

Fax No: 02 6243 1205

Dear Ms Kaur

**Submission from WMC Limited —  
Moomba to Adelaide Pipeline System Access Undertaking**

WMC Limited has been watching the evolution of the Access Undertaking for the above pipeline system with interest. Although not a user of the pipeline at this stage, as the Olympic Dam mining and processing operation expands there is a possibility that WMC or our suppliers will need to contract for capacity for part-haulage or back-haulage along the pipeline route.

WMC is currently examining the possibility of substituting natural gas for the LPG and distillate presently used at Olympic Dam. The potential use of natural gas could be in excess of 5 PJ/year, which is significant in relation to the total gas consumption in South Australia. One possibility under investigation is the construction of a lateral pipeline from a point near Compressor Station 2 along the Moomba to Adelaide pipeline. This would involve a relatively short part-haulage requirement on the Moomba to Adelaide pipeline system.

In addition, WMC is actively investigating alternative power generation possibilities aimed at securing stable and economic supplies of electricity to Olympic Dam. Given the size of the Olympic Dam load, any such power development would be a very large consumer of gas and of transportation services. One proposal, based at Whyalla, has already been investigated in detail but was unable to proceed due to the decision made by BHP to dispose of its Long Products Division. Another is the power station being suggested for Port Pirie, associated with the SAMAG magnesium plant and the South Australian Government's proposal for a new source of gas into the State. Port Augusta is a third possible area of interest. These sites plus a new gas pipeline into the state, may well lead to a need for back-haulage on part of the Moomba to Adelaide pipeline system.

Both the gas substitution and power generation projects are possibilities for operation prior to January 2006, the expiry date of the proposed Access Undertaking.

Given WMC's interest in this matter, WMC has three comments to make on the Draft Determination which we would request the ACCC to take into account in its Final Determination:

1. We note the ACCC's general support for distance-based tariffs against "postage stamp" or "zonal" tariffs and indeed, note that Epic Energy has proposed distance-based tariffs in their Access Undertaking for the Dampier to Bunbury gas pipeline system in Western Australia.

It would be obviously unfair and quite uneconomic for WMC to have to pay the same tariff as a full haul customer in Adelaide for any offtake from Compressor Station 2.

For this reason, we request that Epic Energy be required to express the Reference Tariff on a distance-dependent basis. This should be straight forward for them, given their use of this form of tariff in Western Australia.

2. We request that Epic Energy be required to include back-haul distance-based rates in the Reference Tariffs.
3. We request that the approval by the State Government of any alternative gas pipeline and gas supply into the State be included as a "trigger event" to initiate a review of the Access Undertaking and its Reference Tariffs.

WMC would also like to be listed as an interested party in this matter and would like to be notified of any Pre-Decision Conference which may be held.

For further information or notification of a Pre-Decision Conference please contact Mr R Davidson, on 8405 8875, by facsimile on 8405 8387, or by email at [rod.davidson@wmc.com](mailto:rod.davidson@wmc.com).

Yours sincerely

P Bowman  
Executive General Manager