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Our Ref: 2000/1674 - 01
Your Ref:

The Executive Officer
NGPAC Secretariat
L19, Wakefield House
30 Wakefield Street
ADELAIDE SOUTH Australia 5000

Dear Sir/Madam

Re: Proposed Change to the National Third Party Access Code for Natural Gas Pipelines Systems

The Northern Territory wishes to comment on the proposed amendment to the Gas Access Code brought forward by Australian Pipelines Industry Association (APIA) and initiated by Epic Energy in the context its proposal to construct the Darwin to Moomba gas transmission pipeline (MPB).

Given the current claims about regulatory impediments to new investment causing investor uncertainty due to inherent deficiencies in the Gas Pipeline Access Code and evidence of regulatory overlap there is obviously an urgent need to address these issues to restore confidence.

From a Northern Territory perspective the construction of the Darwin to Moomba Pipeline is of critical importance for a number of reasons. Its construction will ensure that gas from the Timor Sea is brought onshore on the Australian mainland and the proposed MBP represents a significant additional to national development infrastructure in remote Australia. In addition, the spin off effects of the arrival of offshore gas for the Territory will allow form the establishment of various energy industries previously not considered possible.

Transmission pipelines represent major investments involving significant financial commitments by investors with the returns to be factored in over



the long term. Any uncertainties, especially arising from regulatory arrangements will obviously reduce investor confidence and impede a project from being initiated.

Given the particular circumstances in which this request is being made, namely a tight timeframe imposed on Epic Energy to reach a settlement and the inability to quickly review the Code, the proposed amendment is an appropriate response in dealing with the possibility of regulatory overlap. The proposed Code amendment is limited in scope and time and will provide an interim solution to the current regulatory uncertainties impeding new investment.

The interim period will allow time for separate reviews to be conducted and completed of the "*undertakings*" provisions of PART 111A of the Commonwealth *Trade Practices Act* (currently being conducted by the Productivity Commission) and the national Gas Access Code.

The Northern Territory endorses the proposal to amend the Code as an interim measure, according to Option A (the APIA proposal). It represents the best possible short-term solution in dealing with the current regulatory uncertainties and overlap surrounding new prospective pipelines. NGPAC is urged to immediately submit the amendment to the Code, as detailed in Option A (the APIA proposal) to all relevant Ministers recommending it as a significant amendment, pursuant to section 9.2 (a) of the Code.

Yours sincerely

PETER BLAKE

February 2001