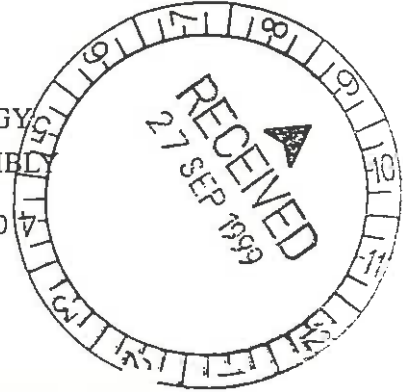




MINISTER FOR RESOURCES DEVELOPMENT; ENERGY
LEADER OF THE HOUSE IN THE LEGISLATIVE ASSEMBLY

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Our Ref: 72622 & 74290

Mr Graeme Samuel
President
National Competition Council
GPO Box 250B
MELBOURNE VIC 3000

Dear Mr Samuel

**APPLICATION FOR REVOCATION OF COVERAGE OF THE KARRATHA TO
CAPE LAMBERT PIPELINE**

In accordance with section 1.37 of the National Third Party Access Code for Natural Gas Pipeline Systems (the Code), please find attached my Final Decision in relation to an application requesting that coverage of the Karratha to Cape Lambert pipeline be revoked under the Code.

Yours sincerely

COLIN J BARNETT
MINISTER FOR ENERGY

22 SEP 1999



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Final Decision

I, Colin J Barnett
Minister for Energy, Resources Development and Education
Western Australia's Relevant Minister in relation to Coverage Decisions under the Code

make the following Decision in relation to

Application to the National Competition Council requesting that Coverage of Karratha to Cape Lambert Pipeline (PL8) be revoked

24 September 1999

In accordance with sections 1.36 of the National Third Party Access Code for Natural Gas Pipeline Systems (the Code), and after consideration of the Recommendation submitted by the National Competition Council on 3 September 1999, I make the following decision under section 1.34 of the Code:

that Coverage of the Karratha to Cape Lambert Pipeline, subject to the licence PL8 issued under the *Petroleum Pipelines Act 1969*, is revoked.

The decision has effect on 8 October 1999. This is also the date before which a person adversely affected by the decision may apply to the Gas Review Board for a review of the decision under section 38 of the Gas Pipelines Access Law (contained in Schedule 1 of the *Gas Pipelines Access (Western Australia) Act 1998*).

(Cont'd)

Description of the Covered Pipeline the subject of this decision

Pipeline Licence	Location/ Route	Operator	Length (km)	Diameter (mm)	Regulator
WA: PL8	Karratha to Cape Lambert Pipeline	Robe River Mining Company Pty Ltd	57	275	WA Independent Gas Pipelines Access Regulator

The Pipeline is listed in Schedule A to the Code and as such was Covered at the commencement of the Code in Western Australia.

The Application

On 22 June 1999, an application under section 1.25 of the Code was made to the National Competition Council (the NCC) requesting that Coverage of the Karratha to Cape Lambert Pipeline be revoked. The applicant is Robe River Mining Company Pty Ltd, the operator of the pipeline.

The Public Consultation Process

The NCC did not receive any submissions in response to the public consultation process.

Provisions of the Code

I make the decision in accordance with section 1.36 of the Code, which provides that:

"1.36 The Relevant Minister must decide not to revoke Coverage of the Covered Pipeline, to any extent, if the Relevant Minister is satisfied of all of the matters set out in paragraphs (a) to (d) of section 1.9, but the Relevant Minister must decide to revoke Coverage of the Covered Pipeline (either to the extent described, or to a greater or lesser extent than that described, in the application) if not satisfied of one or more of those matters."

In reaching this decision, I have considered the following criteria for Coverage contained in section 1.9 of the Code:

- "
- (a) *that access (or increased access) to Services provided by means of the Pipeline would promote competition in at least one market (whether or not in Australia), other than the market for the Services provided by means of the Pipeline;*
 - (b) *that it would be uneconomic for anyone to develop another Pipeline to provide the Services provided by means of the Pipeline;*

- (c) *that access (or increased access) to the Services provided by means of the Pipeline can be provided without undue risk to human health or safety; and*
- (d) *that access (or increased access) to the Services provided by means of the Pipeline would not be contrary to the public interest."*

Coverage in respect of a Pipeline must be revoked unless it meets all of the above criteria.

Reasons for the Decision

I have made the decision after consideration of the Recommendation submitted by the NCC on 3 ptember 1999. Reasons for the decision that Coverage of the Karratha to Cape Lambert Pipeline (PL8) is revoked are as follows:

1. I consider that the Karratha to Cape Lambert Pipeline does not meet criteria (a) in section 1.9 of the Code.

Based on NCC's analysis, given that it is unlikely that third parties will seek to access the Karratha to Cape Lambert Pipeline in the foreseeable future, I am not satisfied that access to it would promote competition in another market.

2. I consider that the Karratha to Cape Lambert Pipeline does not meet criteria (d) in section 1.9 of the Code.

Given there is no evidence that third parties will seek access to the Pipeline in the foreseeable future, it is likely that the regulatory compliance costs involved in establishing access arrangements for the Pipeline outweigh the benefits and I consider that continued Coverage of the Pipeline is not in the public interest.

I note, however, that in the event a third party does seek access to the Pipeline in the future, it would be possible for that party to seek re-coverage of that Pipeline under the mechanisms provided in the Code.

Detailed analysis in relation of the criteria against which the application was assessed can be found in Part B of the NCC's final recommendation.



**COLIN J BARNETT
MINISTER FOR ENERGY,
RESOURCES DEVELOPMENT AND EDUCATION**

22 September 1999