



**Minister for Minerals and Energy
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Hon. Wayne Matthew MP

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Mr Graeme Samuel
President
National Competition Council
GPO Box 250B
MELBOURNE VIC 3001

Dear Mr Samuel

**APPLICATION FOR REVOCATION OF COVERAGE OF RIVERLAND GAS
TRANSMISSION PIPELINE**

I refer to your letter of 20 August 2001, and the attached Final Recommendation by the NCC in respect of Envestra's application for revocation of Coverage of the above-mentioned Pipeline.

In accordance with the requirements of section 1.34 of the National Third Party Access Code for Natural Gas Pipeline Systems, I have made a decision that Coverage of the Riverland Gas Transmission Pipeline is revoked.

This decision is in accordance with the NCC's recommendation. A copy of my decision is attached.

Yours sincerely

A handwritten signature in black ink, appearing to read "Wayne", with a long horizontal stroke extending to the right.

Hon. Wayne Matthew MP
**MINISTER FOR MINERALS AND ENERGY
MINISTER ASSISTING THE DEPUTY PREMIER**

12 September 2001

Decision

I, Wayne Anthony Matthew
Minister for Minerals and Energy and
Minister assisting the Deputy Premier
South 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 the Riverland Pipeline System (SA PL 6) be revoked

12 September 2001

In accordance with section 1.36 of the National Third Party Access Code for Natural Gas Pipeline Systems (the Code), and after consideration of the Final Recommendation from the National Competition Council received on 22 August 2001, I make the following decision under section 1.34 of the Code:

that Coverage of the Riverland Pipeline System, subject to the licences SA PL 6,
issued under the *Petroleum Act 2000*, is revoked.

The decision has effect from 27 September 2001. This is also the date before which a person adversely affected by the decision may apply to the South Australian 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 (South Australia) Act 1997*).

(Cont'd)

Description of the Covered Pipeline the subject of this decision

Pipeline Licence	Location/ Route	Operator	Length (km)	Diameter (mm)	Regulator
SA: PL 6	Riverland Pipeline System	Epic Energy Pty Ltd			ACCC
	Angaston to Berri main line		166	114	
	Sedan to Murray Bridge		65	114	

The Pipeline is listed in Schedule A to Schedule 2 to the Code and as such was Covered at the commencement of the Code in South Australia.

The Application

In May 2001, an application under section 1.25 of the Code was made to the National Competition Council (the NCC) requesting that Coverage of the South East Pipeline System be revoked. The applicant is Envestra Limited, the owner of the pipeline.

The Public Consultation Process

The following organisations have made submissions to the NCC under section 1.26 of the Code.

Envestra Limited
Australian Gas Association
Energy SA

In addition, submissions were made to the NCC following its draft recommendation by:

Envestra Limited

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 Final Recommendation from the NCC dated August 2001. Reasons for the decision that Coverage of the Riverland Pipeline System (SA PL 6) is revoked are as follows:

1. I consider that the Riverland Pipeline System does not meet criterion (a) in section 1.9 of the Code.

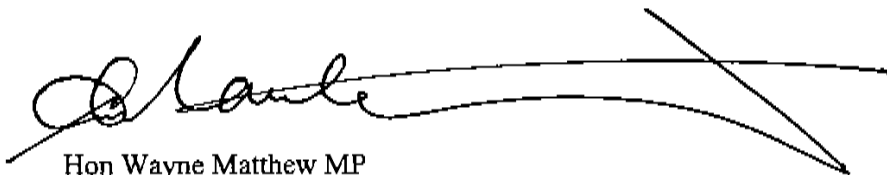
Based on the NCC's analysis, given that the excess capacity in the Riverland Pipeline provides the applicant with a natural incentive to expedite access to the pipeline, and that no party has indicated a desire to seek access to the Riverland Pipeline, I am not satisfied that access (or increased access) to the Riverland Pipeline System would promote competition in another market.

2. I consider that the Riverland Pipeline System does not meet criterion (d) in section 1.9 of the Code.

Given that I am not satisfied that regulated access to the Riverland Pipeline would promote competition in another market, I am unable to identify any benefits which might offset the regulatory and compliance costs associated with regulated access in relation to the Riverland Pipeline, and therefore 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 to the criteria against which the application was assessed can be found in Part B of the NCC's Final Recommendation.



Hon Wayne Matthew MP
MINISTER FOR MINERALS AND ENERGY
MINISTER ASSISTING THE DEPUTY PREMIER

12 September 2001