



Duke Energy Australia Pty Ltd

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27-6-2000

Mr Luke Berry
Project Manager
National Competition Council
GPO Box 250B
MELBOURNE

Dear Luke

Re: Woodside Submission on Coverage of EGP

I would like to take this opportunity to comment on the Woodside Energy submission provided to the National Competition Council (NCC) on coverage of the Eastern Gas Pipeline (EGP).

Duke Energy International (DEI) concurs with Woodside Energy's statement that "it is in the national interest to facilitate the cost-effective delivery of increasing quantities of gas to the nation's major market regions." However, DEI contends that the best means to achieve this outcome is via market competition.

In this respect, DEI has provided substantial information to the NCC that a field of competitive rivalry will be created by the presence of EAPL, the GPU GasNet Interconnect and EGP. The resulting competitive tensions will deliver the 'lowest reasonable tariffs' and cater for growing market demands for gas in the most socially efficient manner.

DEI is concerned that the NCC may give undue weight to the arguments presented by the Woodside Energy submission in its decision making process. Accordingly, DEI considers it essential that a number of important points be taken into account by the NCC in its deliberations:

- First, Woodside Energy is committed to the Kipper Field development. The regulatory environment surrounding the Eastern Gas Pipeline is therefore unlikely to influence short-term commercial decisions by Woodside regarding development of the Kipper Field. Further, DEI has not been approached by Woodside Energy regarding terms and conditions for future transport.

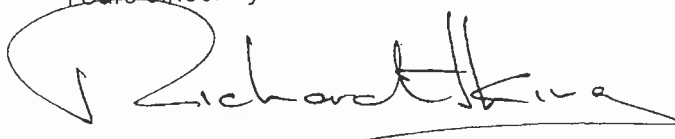
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- Second, production by Woodside Energy from the Kipper Field is not expected until 2005. Accordingly there is no immediate requirement to cover the EGP in the short-term, even given Woodside's concerns. Therefore, foreclosing on market development and the ability to observe actual market outcomes remains disadvantageous both to Woodside and to the wider social interest.

DEI hopes that the NCC will give due consideration to all submissions provided to it regarding coverage of the Eastern Gas Pipeline. Further, DEI believes that commercial negotiations between the service provider and potential shippers regarding transport on the EGP would prove fruitful to both parties. In this regard neither AGLS&M nor Woodside Energy have approached DEI to seek access. Accordingly, neither party has established grounds upon which to assert that DEI/EGP has or can abuse 'market power' to the detriment of their commercial interests or the development of gas sales markets.

Yours sincerely



Max Kimber
Consultant to Duke Energy International

cc: