

MAJOR HAZARD FACILITIES INDUSTRY CONSULTATION PAPER

The State Government has released a Major Hazard Facilities Industry Consultation Paper for consideration by defined major facilities in the State that engage in hazardous industries. These industries involved include major mining, petroleum and other extractive industries. Comments must be provided to Government by 13 September 2002 in respect of critical occupational, health and safety issues and impacts upon environmental safety and minimisation.

VICTORIA

THE ESSENTIAL SERVICES COMMISSION — REVIEW OF GAS ACCESS ARRANGEMENTS, DRAFT DECISION*

On 4 July 2002, the Essential Services Commission (“the Commission”) issued its Draft Decision in relation to the current review of gas access arrangements for the Victorian gas distribution businesses. This Draft Decision is in response to the proposed revisions to the Access Arrangements that were submitted by each of the Victorian gas distribution businesses (commonly known as Multinet, Envestra and TXU) in April 2002¹.

The revised Access Arrangements will establish the regulatory terms and conditions for third party user access to the services offered by gas distribution pipeline owners and operators in Victoria and Albury for the period from 1 January 2003 to 1 January 2008.

The provisions of the *National Third Party Access Code of Natural Gas Pipelines* (“the Code”), require the Commission to determine whether or not to accept the proposed revision having regard to the requirements and principles set out in the Code. In particular, the Commission has to be satisfied that the distributors’ reference tariffs reflect the efficient cost of providing the reference services over the regulatory period.

The Commission, in its Draft Decision, has decided not to approve the Access Arrangement revisions as proposed by the gas distribution businesses and in accordance with the procedures in the Code, has stated amendments that are required before final approval will be granted. A summary of the required amendments can be found in the executive summary of the Draft Decision. Detailed reasons in support of the Draft Decision are contained in Part B of the Draft Decision.

The Draft Decision proposes reductions in the weighted average price for gas distribution network reference services to apply in the regulatory period 2003–2007 as set out in the following table. The most significant contribution to these reductions is the change in the weighted average cost of capital to 6.7%:

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¹ The proposed revisions were submitted in accordance with the requirements of section 2 of the *National Third Party Access Code of Natural Gas Pipelines*.