



# PUBLICATION

## Dampier to Bunbury Natural Gas Pipeline Access Arrangement

### Revised Decision, Corrigenda to Access Arrangement and Rule 65 Access Arrangement Variation Decision

The Economic Regulation Authority (**Authority**) has today published a revised decision pursuant to Rule 64(4) of the National Gas Rules (**NGR**) giving effect to the Economic Regulation Authority's proposed access arrangement revisions for the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**).

The Authority has published an amended version of its Revised Access Arrangement which incorporates the amendments made in its revised decision and other corrections made by the Authority pursuant to Rule 68 of the NGR, as detailed in the corrigenda attached to this notice.

The Authority has approved a Rule 65 Access Arrangement Variation Proposal – Project Management Fees submitted by DBNGP (WA) Transmission Pty Ltd' (**DBP**) on 18 September 2012.

All copies of the Access Arrangement obtained from the Authority's website prior to this notice should be corrected accordingly.

This notice includes a table showing reference tariff outcomes which incorporate the amendments made in the Authority's revised decision and the Rule 65 variation. These tariff outcomes are also shown adjusted for the annual tariff variation approved by the Authority in February 2012. The revised tariffs shown in Table 1 take effect from 1 January 2012.

### REVISED DECISION

The Authority's access arrangement decision was revised by reason of, and pursuant to, orders of the Australian Competition Tribunal (**Tribunal**) made on 26 July 2012. The orders were made in an application by DBP for review of the revised access arrangement decision published by the Authority on 22 December 2011.

The revised decision document includes background to the appeal, a summary of the Tribunal's decision in respect of the application and the amended access arrangement (as Appendix 1).

Pursuant to rule 43(3)(a) of the NGR, the Authority requires DBP to revise its access arrangement information in accordance with its revised decision and to re-submit the revised access arrangement information by 19 October 2012.

## **CORRIGENDA**

### **Tariff Variation Mechanism**

On 20 January 2012 DBP raised concerns with the tariff variation mechanism in the access arrangement and proposed text changes to address these concerns. DBP's concerns were:

1. A lack of clarity in relation to reference tariffs at January 2012, as these are not shown in 2012 dollars, but in 2010 dollars.
2. The tariff variation mechanism in clause 11.2(c) referred to an incorrect clause reference in the definition of Tariff<sub>b</sub>.

To address DBP's concerns, pursuant to rule 68(a) and (b) of the NGR, the Authority has amended clauses 3.3(c), 3.4(c) and 3.5(c) in the reference tariff variation mechanism by adding the text "to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)". With respect to the definition of "Tariff<sub>b</sub>", references to clauses 3.3(b), 3.4(b) and 3.5(b) in clause 11.2(c) have been changed to 3.3(c), 3.4(c) and 3.5(c).

### **Revision and Commencement Date**

In clause 14.2, the review submission date for the access arrangement has been amended from a period of 4 years after the commencement of the Current Access Arrangement to a period of 3 years after the commencement date of the current Access Arrangement in clause 14.1. The rationale for this amendment is to allow adequate time for the review to take place as the revision commencement date for the next Access Arrangement is 1 January 2016 as set out in clause 14.3.

### **Access Arrangement Information**

A typographical error has been amended in Table 13 of the Access Arrangement Information. The 2011 values for "Pipelines", "Other depreciable assets" and "BEP capacity" under the sub-heading "Total" have been replaced with the correct values. This change does not materially alter the total values in the table.

### **Definitions**

During DBP's review application, the Authority identified that clause 1 in each of the Access Arrangement Terms and Conditions for the T1, P1 and B1 Services, set out in Appendix 1 of the Revised Access Arrangement contained an incorrect definition of "Full Haul" which was carried over from DBP's submitted proposed revised Access Arrangement. The Authority advised the Tribunal that it would amend this error pursuant to rule 68(a) and (b) of the NGR. The incorrect definition of "Full Haul" in each of the T1, P1 and B1 Terms and Conditions has been replaced with the definition of "Full Haul" from the 2005 – 2010 Access Arrangement, consistent with the Authority's intention in Required Amendment 3 of its Final Decision.

The same text has been inserted in the definition of "Full Haul Service" in section 15 of the Revised Access Arrangement and is required to replace the definition of "Full Haul" in section 18 of the Access Arrangement Information.

## **RULE 65 ACCESS ARRANGEMENT VARIATION PROPOSAL (Variation proposal)**

### **Project Management Retainer Fee (PMRF)**

The Authority has accepted a variation proposal (submission 76) submitted by DBP on 18 September 2012. The variation proposal was submitted in accordance with Rule 65 of the NGR. Under Rule 67 of the NGR, the Authority must decide to either approve or not approve the proposal for variation.

The variation proposal relates to project management retainer fees paid by DBP to WestNet Energy Services.

On the basis of the information that was before it at the time of its final decision, the Tribunal did not find any error by the ERA in calculating the PMRF to be deducted from DBP's opening and forecast capital base in its final decision.

However, the Tribunal agreed with the Authority that it would be appropriate for DBP to submit a variation proposal for an amount consistent with DBP's submission 73 (which was only submitted after the Authority's Final Decision) to enable the Authority to adjust conforming capital expenditure for updated data.

The variation sought by DBP in submission 76 is for a different and lesser amount than that sought by DBP in submission 73 and before the Tribunal.

The Authority is concerned that information provided to it by DBP in submission 73 and relied on by DBP before the Tribunal has now proved inaccurate. The effectiveness of the decision-making process under the National Gas Rules depends on service providers providing accurate information to the Authority on a timely basis so that it can be subject to proper analysis and review. The Authority expects DBP and other service providers to take all reasonable steps to ensure that all information provided to the Authority during the access arrangement review process is accurate and reliable. In the future, the Authority will expect any variation to accounting information provided to it to be verified by an independent auditor.

However, the Authority accepts the Variation Proposal submitted by DBP on the basis that the proposal results in a non-material variation in reference tariffs and that the fees detailed in submission 76 are adequately verified.

The variation will take effect from the date of the Authority's revised decision.

## **TARIFFS**

Pursuant to rule 64(4) of the NGR and the orders of the Tribunal on 26 July 2012, the Authority has revised the tariffs that apply from 1 January 2012. The revised tariffs are set out in section 3 of the Authority's revised Access Arrangement.

On the 23 January 2012 the tariffs were varied to take into account the effect of inflation, in accordance with the reference tariff variation mechanism in clause 11.2(c) of the Access Arrangement.

This annual tariff variation has been recalculated using the revised tariffs set out in section 3 of the Authority's revised Access Arrangement. The revised tariffs are set out in Table 1 below and take effect from 1 January 2012.

**Table 1: Revised DBNGP Tariffs applying from 1 January 2012**

Reference Tariffs	Final Decision	Tariff Variation 2012	Revised Decision	Revised Tariff Variation 2012
T1				
Capacity reservation	1.087228	1.156872	1.094252	1.164346
Commodity	0.092402	0.098321	0.092389	0.098308
P1				
Capacity reservation	0.000777	0.000827	0.000782	0.000832
Commodity	0.000066	0.000070	0.000066	0.000070
B1				
Capacity reservation	0.000777	0.000827	0.000782	0.000832
Commodity	0.000066	0.000070	0.000066	0.000070

A copy of the [revised decision](#) is available on the Authority's website.

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LYNDON ROWE  
**CHAIRMAN**  
5 October 2012

## Corrigenda for the Access Arrangement: Dampier to Bunbury Natural Gas Pipeline Access Arrangement

### 1. Tariff Variation Mechanism

Section 3.3 (c) tariffs have been updated and underlined wording in brackets have been added:

As at 1 January 2012:

- (i) the T1 Capacity Reservation Tariff is \$1.098081/GJ (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)); and
- (ii) the T1 Commodity Tariff is \$0.092378/GJ (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c));

making a T1 Tariff of \$1.190460/GJ (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)).

Section 3.4 (c) tariffs have been updated and wording in brackets have been added:

As at 1 January 2012:

- (i) the P1 Capacity Reservation Tariff is \$0.000785/GJ MDQ\*km (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)); and
- (ii) the P1 Commodity Tariff is \$0.0.000066/GJ\*km (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)); and

making an P1 Tariff of \$0.000851/GJ\*km (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)).

Section 3.5 (c) tariffs have been updated and wording in brackets have been added:

As at 1 January 2012:

- (i) the B1 Capacity Reservation Tariff is \$0.000785/GJ MDQ\*km (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)); and
- (ii) the B1 Commodity Tariff is \$0.0.000066/GJ\*km (\$2010) (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c));

making a B1 Tariff of \$0.000851/GJ\*km (\$2010). (to be converted to \$2012 values by applying the variation mechanism in clause 11.2(c)).

Section 11.2 (c) references to clauses 3.3(b), 3.4(b) and 3.5(b) in the definition of "Tariff<sub>b</sub>" have been changed to 3.3(c), 3.4(c) and 3.5(c):

Tariff<sub>b</sub> = Capacity Reservation Tariff or Commodity Tariff (as the case may be) set out in clause 3.3(c), 3.4(c) and 3.5(c) of the Current Access Arrangement;

### 2. Revision and Commencement Date

The reference to a period of 4 years has been changed to 3 years in Section 14.2.

### 3. Access Arrangement Information

A typographical error has occurred in Table 13 which does not materially alter the values. The values under "Pipelines", "Other depreciable assets" and "BEP capacity" for 2011 under the sub-heading "Total" have been replaced with the correct values. Under pipeline 59.663 has been replaced with 36.5546, under other depreciable assets 55.042 have been replaced with 78.159 and under BEP capacity 17.679 has been replaced with 18.782.

#### 4. Definitions

The definition for Full Haul has been corrected in the Access Arrangement, Access Arrangement Appendix 1: Terms and Conditions for the T1, P1 and B1 Services and Access Arrangement Information.

"*Full Haul*" means a Gas transportation service on the DBNGP where the receipt point is upstream of main line valve 31 on the DBNGP and the delivery point is downstream of Compressor Station 9 on the DBNGP."

#### Rule 65 access arrangement variation proposal

The PMRF has been amended as shown below. The table below shows the deductions made in respect of PMRF in the Final Decision and the Revised Access Arrangement.

	2008(2010\$)	2009(2010\$)	2010(2010\$)	2011(2010\$)	Total
Final Decision	2,255,000	2,255,000	2,255,000	2,255,000	9,020,000
Revised Access Arrangement	0	0	4,091,461	1,747,365	5,838,827