



Notice

22 December 2015

Proposed Revised Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline - Draft Decision

INVITATION FOR PUBLIC SUBMISSIONS

The Economic Regulation Authority (**ERA**) has published on its website a [Draft Decision](#) on DBNGP (WA) Transmission Pty Ltd's (**DBP**) proposed revised access arrangement for the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**).

The decision is to not approve DBP's proposed changes to the access arrangement for the DBNGP.

The Draft Decision has reduced DBP's expected revenue for the DBNGP for 1 January 2016 to 31 December 2020 from DBP's proposed \$2.199 billion to \$1.666 billion, which is 24 per cent lower.¹ Reference tariffs are expected to be lower in the forthcoming access arrangement period than the current reference tariffs.

The main differences between the ERA's Draft Decision and DBP's proposal result from:

- A rate of return revised to yield a nominal post-tax WACC of 6.02 per cent, compared to DBP's proposed value of 8.36 per cent;
- A reduced allowance for capital expenditure over the forthcoming access arrangement period from \$106.7 million to \$77.9 million.²
- A reduced allowance for operating expenditure over the forthcoming access arrangement period from \$560.9 million to \$509.3 million.³
- Adjustments to DBP's proposed opening tax asset base.
- Retention of the existing price cap price control mechanism, rather than adopting the revenue cap price control proposed by DBP.

The ERA's detailed reasons are outlined in the Draft Decision document together with 74 amendments the ERA requires to enable it approve DBP's proposed revisions to the access arrangement for the forthcoming access arrangement period (1 January 2016 to 31 December 2020).

REVISION PERIOD

Under the National Gas Rules, if an access arrangement draft decision requires that revision of the access arrangement proposal is necessary, then the ERA must fix a revision period of at least 15 business days in order for DBP to make its proposal acceptable. The ERA has decided to fix a revision period to commence from the date of this Draft Decision and to expire at

¹ In real terms (at 31 December 2015).

² In real terms (at 31 December 2015). Rounded to 1 decimal place.

³ In real terms (at 31 December 2015). Rounded to 1 decimal place.

4:00 pm (WST) on Monday, 22 February 2016. Accordingly, DBP may submit revisions to its proposed revised access arrangement for the DBNGP, but must do so by this date.

PUBLIC SUBMISSION

The ERA is also required to publish on its website and in a newspaper circulating generally throughout Australia a notice inviting written submissions on its Draft Decision, allowing a period of at least 20 business days from the end of the revision period stated above for consultation.

Accordingly, interested parties are invited to make submissions on the ERA's Draft Decision by **4:00 pm (WST) on Tuesday, 22 March 2016.**

Electronic submissions should be made via the [consultation portal](#) on the ERA's website, and marked to the attention of Lincoln Flindell, Manager Projects Access.

Physical submissions may be made to either of the following addresses:

Postal address: PO Box 8469, PERTH BC WA 6849

Office address: Level 4, Albert Facey House, 469 Wellington Street, Perth WA 6000

CONFIDENTIALITY

In general, all submissions from interested parties will be treated as being in the public domain and placed on the Authority's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed, and specify in reasonable detail the basis for the claim.

The publication of a submission on the Authority's website shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

For further information contact:

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