



Notice

1 June 2016

Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline - Proposed Required Amendment for Final Decision

PUBLIC CONSULTATION

The Economic Regulation Authority (**ERA**) is currently preparing its Final Decision on DBNGP (WA) Transmission Pty Ltd's (**DBP**) proposed revised access arrangement for the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**).

Since issuing its Draft Decision on 22 December 2015, the ERA has become aware of an issue which was not specifically raised as part of the Draft Decision. Consequently, the ERA is seeking public comment on a proposed required amendment that it is considering as part of its Final Decision on the access arrangement for the DBNGP.

Background

Section 7.3 of DBP's proposed revised access arrangement for the AA4 period sets out the requirements for whether or not expansions to the pipeline are to be covered. Under section 7.3(b) of the existing access arrangement for the current AA3 period, an expansion automatically becomes part of the covered pipeline unless DBP can show that applying the access arrangement to the expansion would be inconsistent with the NGO. It appears from DBP's accompanying submissions¹ that for AA4, DBP intends changing the current position so that, at DBP's option, expansions to the pipeline are not to be covered unless the ERA can show that this would be inconsistent with the NGO. As indicated in its Draft Decision,² the ERA is of the view that the requirement under AA3 should be retained such that expansions should be covered unless DBP is able to demonstrate to the ERA's satisfaction that doing so would be inconsistent with the NGO.

Capacity Expansion Options

However, a further related issue with section 7.3 that was not raised by any party, or considered by the ERA as part of the Draft Decision, has arisen. As shown below, the first sentence of section 7.3 specifically excludes expansions which arise from DBP meeting its obligations to the holder of a Capacity Expansion Option:

If the Operator proposes to extend, expand or enhance the DBNGP **for a purpose other than meeting its obligations to the holder of a Capacity Expansion Option**: [emphasis added]

As set out in section 7.2 of the proposed revised access arrangement, DBP is able to decide whether to state in a Capacity Expansion Option that an expansion made pursuant to the exercise of the Capacity Expansion Option will be uncovered, i.e. will not be considered part of

¹ DBP Proposed Revisions DBNGP Access Arrangement 2016 – 2020 Access Arrangement Period Non-tariff related issues Supporting Submission: 5 dated 31 December 2014; and DBP Proposed Revisions DBNGP Access Arrangement 2016 – 2020 Access Arrangement Period Supporting Submission: 58 Response to Draft Decision Non Tariff Amendments dated 22 February 2016, at pp. 14-15.

² ERA Draft Decision on Proposed Revisions to the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline 2016 – 2020, dated 22 December 2015, at pp. 227-234, including Required Amendment 70.

the regulated pipeline. When deciding that such an expansion will not be covered, there is no requirement for DBP to first demonstrate that including the expansion in the covered pipeline would be inconsistent with the NGO.

Unless the Operator states otherwise in a Capacity Expansion Option, an expansion of the DBNGP pursuant to the exercise of a Capacity Expansion Option by the holder is to be treated as part of the Covered Pipeline.

Consistent with its position in the Draft Decision, the ERA considers the NGO is best achieved by ensuring all expansions of a covered pipeline are covered unless it can be demonstrated by DBP that doing so would be inconsistent with the NGO. As outlined above, the current access arrangement would potentially allow an expansion to not be covered without first having to demonstrate that doing so would be inconsistent with the NGO.

To address this issue, the ERA is considering the following amendment to section 7 of the proposed revised access arrangement:

- In section 7.2, replace the opening words "Unless the Operator states otherwise in a Capacity Expansion Option, " with the words "Subject to section 7.3(b),"; and
- In section 7.3, add the following words at the end of the first paragraph before the full stop "that was originally entered into before [date AA4 changes take effect] and has not been amended since that date to treat as being not part of the Covered Pipeline any expansion of the DBNGP pursuant to the exercise of that Capacity Expansion Option by the holder".

The above proposed amendments would ensure that any *existing* Capacity Expansion Options that have been issued on an uncovered basis are grandfathered, but that no other expansions arising from Capacity Expansion Options are allowed to override the NGO requirement in section 7.3(b).

Invitation to Make Public Submissions

Interested parties are invited to make submissions on the ERA's proposed amendment to the Access Arrangement for the by 4:00 pm (WST) on Thursday 9 June 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 ERA'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. [Any claim of confidentiality will be considered in accordance with the provisions of the *National Gas Access (WA) Act 2009*.]

The publication of a submission on the ERA's website shall not be taken as indicating that the ERA 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 ERA.

For further information contact:

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