



# Notice

10 February 2023

## Reference service proposal for the Goldfields Gas Pipeline

### Invitation for public submissions

On 21 December 2022, Goldfields Gas Transmission (GGT) submitted a [reference service proposal](#) for the Goldfields Gas Pipeline (GGP), which it operates. This pipeline is a regulated transmission pipeline that is required to have an approved access arrangement. The ERA is responsible for approving the access arrangement, which sets out the terms, conditions and prices for some specified pipeline services that are provided (or to be provided) via the pipeline that third party users can access.

The GGP extends 1,378 kilometres from Yarraloola in the Pilbara region of Western Australia to Kalgoorlie in the Goldfields-Esperance region. It feeds into several lateral pipelines that supply natural gas to support mining operations in these regions.

GGT has proposed to retain the existing firm transportation service as the single reference service for the next access arrangement period commencing on 1 January 2025. The firm transportation service is the most reliable service provided and is only interrupted or curtailed after all other services have been interrupted or curtailed.

In developing its reference service proposal, GGT consulted with some of its customers. The National Gas Rules require the ERA to undertake its own consultation process in assessing GGT's proposal. The ERA has until 1 July 2023 to publish a reference service proposal decision.

The approved reference services will form part of GGT's access arrangement proposal, which it must submit to the ERA by 1 January 2024. GGT's access arrangement proposal will set out the terms, conditions and prices for the approved reference service, along with proposed revisions to other access arrangement provisions.

### Background

The National Gas Rules require that a reference service proposal be submitted to the ERA for assessment prior to the submission of an access arrangement proposal.

The reference service proposal is focused on identifying the services that can be offered by the pipeline and determining which of these services should be specified as a reference service under the access arrangement. A "reference service" is a pipeline service that has a reference tariff and other terms and conditions set (approved) by the regulator under the access arrangement framework. A "reference tariff" is the price that the pipeline operator can charge its customers. The reference service and reference tariff may form the basis for arbitration in the event of an access dispute.

In July 2022, the ERA published a [gas access arrangement guideline](#). This guideline covers the procedural matters related to access arrangements that fall within the framework for the economic regulation of gas pipelines within Western Australia, and the role of the ERA in administering this regulatory scheme. Interested parties are encouraged to refer to the guideline to further their understanding of the access arrangement framework and the procedures involved in undertaking this assessment of GGT's reference service proposal.

### **Invitation for submissions**

The ERA invites interested parties to make submissions on GGT's reference service proposal.

To assist the ERA in assessing aspects of GGT's proposal, interested parties are encouraged to consider specific matters identified in the attachment to this notice, in addition to any other issues which they may want to raise.

Submissions close 4:00 pm (WST) Friday, 10 March 2023.

Submissions should be lodged online using the ERA's submission portal:  
[www.erawa.com.au/consultation](http://www.erawa.com.au/consultation).

### **Further information**

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# Attachment: Reference service proposal for the Goldfields Gas Pipeline

## Matters identified by the ERA for consideration

The ERA is seeking submissions from interested parties on the following matters. This is not an exhaustive list of matters to be considered by the ERA when assessing GGT's reference service proposal. Interested parties are encouraged to provide submissions on any other aspect of GGT's proposal that they feel is relevant.

### Additional pipeline and reference services

*The ERA seeks submissions from interested parties on whether there are any other pipeline services that GGT can reasonably provide on the Goldfields Gas Pipeline and whether any of these services should be specified as reference services in the access arrangement.*

*Given the timing of the forthcoming access arrangement review for the Goldfields Gas Pipeline, the ERA considers that it is reasonable to consider future pipeline services that could reasonably be provided once the pipeline is interconnected with the Northern Goldfields Interconnect.*

The National Gas Rules require a service provider's reference service proposal to list and describe all the pipeline services that it can reasonably provide on the pipeline. From this list of services, the service provider must identify at least one service that it proposes to specify as a reference service in the access arrangement. In making this decision, the service provider must consider the reference service factors, which are set out in the Rules and aim to establish criteria that can be used to assess the characteristics of pipeline services and determine their suitability to be specified as a reference service.

GGT set out the pipeline services that it can reasonably provide on the Goldfields Gas Pipeline in Table 1 of the reference service proposal. From these services, GGT identified and proposed the 'firm transportation service' as the only service to specify as a reference service in the access arrangement. GGT submitted that the firm transportation service satisfied the reference service factors in that:

- There was high demand for the service.
- It was feasible to allocate costs to the service.
- The service was useful in supporting access negotiations and dispute resolution for other pipeline services.
- The regulatory cost for administering the service was low.

In comparison, GGT considered that the other pipeline services that can reasonably be provided on the Goldfields Gas Pipeline did not, on balance, satisfy the reference service factors.

GGT indicated that the pipeline was expected to be interconnected with the Northern Goldfields Interconnect from the first quarter in 2023.

The Northern Goldfields Interconnect is an APA Group gas pipeline infrastructure project that will connect new and existing gas provinces to existing gas pipeline infrastructure in the Northern Goldfields region of Western Australia. APA Group states:

The project will involve construction of the Northern Goldfields Interconnect (NGI), a new buried pipeline, approximately 580 kilometres long, commencing at Ambania, approximately 50 kilometres east of Geraldton, connecting into the existing Goldfields Gas Pipeline (GGP), approximately 40 kilometres south of Leinster. The project will initially include compression at the inlet, with associated aboveground facilities located along the route of the pipeline.

The NGI will create new opportunities for the supply of natural gas for the mining industry and provide for other growth opportunities in the Goldfields region and beyond. The NGI will provide greater access to existing and new natural gas supply fields supporting the region's processing and power generation growth requirements.<sup>1</sup>

Given the location of the Northern Goldfields Interconnect, the ERA considers that GGT may reasonably be able to provide additional pipeline services on the Goldfields Gas Pipeline, such as a backhaul transportation service once the interconnect is commissioned and operational. That is, with the new interconnect, GGT may be able to transport natural gas from an inlet (receipt) point that is downstream of an outlet (delivery) point.

### GGT's consultation process

*The ERA seeks submissions from interested parties on GGT's engagement activities and whether the feedback provided during these activities was adequately considered and addressed in the reference service proposal submission to the ERA.*

If the service provider has engaged with pipeline and end users in developing its reference service proposal, the National Gas Rules require the service provider to describe any feedback received from those users about which pipeline services should be specified as reference services.

GGT set out the engagement process that it undertook in developing its reference service proposal in Section 5 of the proposal, where it submitted that:

- GGT undertook regular engagement activities with some of its existing customers to discuss commercial, operational and regulatory matters. In preparing the reference service proposal, GGT engaged with pipeline customers to discuss the proposal and the forthcoming access arrangement process.
- Pipeline customers were supportive of GGT's reference service proposal. Specifically, GGT said customers provided the following feedback.

Customers were supportive of GGT offering the services as proposed.

Customers were supportive of the firm transportation service being the single reference service for the forthcoming access arrangement period.

Customers considered the current firm transportation service as the single reference service, was suitable given the current gas pipeline utilisation uncertainty.

It was recognised that gas pipeline utilisation uncertainty was driven by increasing penetration of renewable energy and emission reduction initiatives in Western Australia.

Customers considered that greater adoption of renewables will require more customised and flexible energy solutions in the future.<sup>2</sup>

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<sup>1</sup> APA Group, 'Northern Goldfields Interconnect' ([online](#)) (accessed January 2023).

<sup>2</sup> GGT, *Goldfields Gas Pipeline: Reference Service Proposal*, December 2022, p. 13.